

**HEALTH SERVICES AND DEVELOPMENT AGENCY  
JUNE 27, 2018  
APPLICATION SUMMARY**

NAME OF PROJECT: Middle Tennessee Imaging, LLC d/b/a Premier Radiology

PROJECT NUMBER: CN1803-014

ADDRESS: 110 St. Blaise Road  
Gallatin (Sumner County), TN 37066

LEGAL OWNER: Middle Tennessee Imaging, LLC (MTI)  
28 White Bridge Pike, Suite 111  
Nashville (Davidson County), TN 37205

OPERATING ENTITY: PhyData, LLC  
2024 Business Park Drive  
Goodlettsville (Sumner County), TN 37072

CONTACT PERSON: Mark Gaw  
(615) 239-2039

DATE FILED: March 14, 2018

PROJECT COST: \$6,078,275

FINANCING: Commercial Loan

PURPOSE FOR FILING: Establishment of an outpatient diagnostic center (ODC) and initiation of magnetic resonance imaging (MRI) services.

DESCRIPTION:

Middle Tennessee Imaging, LLC d/b/a Premier Radiology is seeking approval to establish an outpatient diagnostic center (ODC), the initiation of MRI services, and the acquisition of a fixed 1.5 Tesla MRI unit and fixed 16 slice CT unit at a new building under construction at 110 St. Blaise Road, Gallatin (Sumner County), TN, 37066. In addition to MRI and CT, the proposed ODC will provide x-ray, mammography, and ultrasound services, which will support primary care services at the Saint Thomas Medical Partners-Gallatin Care Center.

## OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

*The applicant's proposed primary service area (PSA) consists of 9 zip codes located within Sumner County. The applicant estimates 3,462 MRI scans in 2017 increasing by approximately 8.7% to 3,763 MRI scans in 2022. The projected utilization is based upon growth of existing MRI provider utilization that service residents of the PSA, including existing Middle Tennessee Imaging providers related to the applicant through common ownership, and the population growth of the PSA projected four years in the future. Please refer to page 26 of the original application and Attachment B, Supplemental 1 for more details.*

*It appears that the application meets this criterion.*

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

*The applicant identified MRI utilization of existing providers in Sumner County, including 1 ODC with mobile MRI (x1 day/week), 4 fixed MRIs and 1 mobile MRI unit. Review of the table on page 27 of the application representing data obtained from the HSDA Equipment Registry, revealed that their combined MRI utilization increased by approximately 6.1% from 10,512 total MRI scans in 2015 to 11,150 total MRI scans in 2016.*

*The applicant's analysis and review of data obtained from the Division of Health Statistics, Tennessee Department of Health, also revealed a high rate of outmigration by Sumner County residents to providers in other counties – approximately 57.8% in 2016. For further details, please refer to Supplemental 1, Item 7.*

*The applicant indicates another MRI unit is needed in the service area when factors such as MRI utilization, resident outmigration and population growth are considered.*

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

*The applicant states that the proposed ODC will support Saint Thomas Health physicians, as well as other physicians, by providing onsite MRI CT, Mammography, Ultrasound, and X-Ray services on the Saint Thomas Medical Partners-Gallatin Care Center campus.*

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

*The applicant maintains that special needs and circumstances include the following: high utilization of existing providers, rapid population growth and increased traffic congestion, natural geographical barriers (Old Hickory Lake, Cumberland River), and access to lower cost ODC services compared to higher cost hospital outpatient department (HOPD) rates. A table showing travel distances and times to other Middle Tennessee Imaging providers located in Middle Tennessee within 60 miles of the proposed ODC is shown on page 3 of Supplemental 1.*

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

*The applicant states that the proposed ODC will conduct clinical operations consistent with practice of Middle Tennessee Imaging's existing ODC locations. Its physicians and technologists will be trained to handle all emergency situations. A crash cart, stocked with appropriate emergency equipment and medications will be maintained at all times.*

*It appears that the application will meet this criterion.*

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

*The applicant has existing medical necessity and medical appropriateness policies that will be maintained at the proposed ODC site.*

*It appears that the application will meet this criterion.*

## MAGNETIC RESONANCE IMAGING SERVICES

### 1. Utilization Standards for non-Specialty MRI Units.

a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

*The applicant projects 2,821 MRI scans in Year One (2019), 3,060 MRIs in Year Two (2020), and 3,703 MRI scans in Year 3 (2021) and after.*

*It appears that the applicant is on track to meet the MRI standard and meet this criterion.*

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.



e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI “hybrid” Unit (an MRI Unit that is combined/utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

*The criteria identified in items 1.b – 1.e above are not applicable to the applicant’s proposed project.*

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area’s population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

*The defined primary service area (PSA) for the proposed project includes 9 zip codes located in Sumner County, including 37022 Bethpage/Rock Bridge; 37031 Castalian Springs; 37048 Cottontown; 37066 Gallatin; 37075 Hendersonville; 37077 Hendersonville; 37119 Mitchellville; 37148 Portland and 37186 Westmoreland. Residents of the PSA are projected to account for nearly 95% of MTI Gallatin’s MRI patients.*

*It appears that this criterion has been met.*

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

*The applicant could not find a better alternative to a refurbished 1.5T GE MRI at a cost of \$475,000.*

*It appears that the applicant will meet this criterion.*

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI

service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

*In 2016 the overall average utilization of the four non-specialty fixed MRI units in the applicant's primary service area was equal to 2,374 procedures per unit, or 82.4% of the 2,880 MRI utilization standard.*

*Note to Agency Members: Review of documentation in the application and all 3 of the supplemental responses relative to the surrender and decommissioning of the existing extremities-only fixed MRI that was the subject of both CN0110-88A, Thomas L. Gautsch, M.D (initial approval of extremities-only MRI service) and CN1501-002A, Advanced Diagnostic Imaging, P.C. dba Southern Sports Medicine Institute (transfer of extremities MRI service to new ownership), appears to support the applicant's statements that the proposed project will (a) not add an additional MRI, and (b) will have a net neutral impact on existing MRI providers in the PSA.*

*It appears that this criterion has not been met.*

5. Need Standards for Specialty MRI Units.

*This standard does not apply to this application.*

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.

*This standard does not apply to this application.*

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

*The applicant has provided information in Tab 10 that documents the proposed 1.5T MRI meets FDA certification requirements.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

*The applicant provided documentation from the architect in Tab 16 confirming that all the requirements listed above will be met.*

*It appears that this criterion has been met.*

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

*The applicant has protocols and hospital transfer agreements in place to appropriately care for patient emergencies.*

*It appears that this criterion has been met.*

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

*The applicant has established protocols that ensure all MRI procedures performed are medically necessary and will not unnecessarily duplicate other services.*

*It appears that this criterion has been met.*

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity

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MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

*The applicant is prepared to meet all American College of Radiology (ACR) standards, including those regarding staffing recommendations and requirements.*

*It appears that this criterion will be met.*

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

*All MTI MRI services commits to full accreditation by the American College of Radiology within 2 years from initiation of services and continuously thereafter.*

*It appears that this criterion has been met.*

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

*The applicant will maintain a transfer agreement with Saint Thomas Health. Additional hospital transfer agreements will be sought following opening of the facility. The medical director will be an active member of the subject hospital medical staff.*

*It appears that this criterion has been met.*

- 8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

*The applicant states that it will submit data to the HSDA in a timely fashion consistent with requirements of the HSDA Equipment Registry process.*

*It appears that this criterion has been met.*

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, “Every citizen should have reasonable access to health care,” the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; or

*It appears that this criterion is not applicable.*

- b. Who is a “safety net hospital” or a “children’s hospital” as defined by the Bureau of TennCare Essential Access Hospital payment program; or

*It appears that this criterion is not applicable*

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*The applicant contracts with all four TennCare MCOs and participates in the Medicare program.*

*It appears that this criterion has been met.*

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

*It appears that this criterion is not applicable*

## **Staff Summary**

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics as a Note to Agency members.*

### **Application Synopsis**

The applicant, Middle Tennessee Imaging, LLC (MTI), proposes to establish an Outpatient Diagnostic Center (ODC) with MRI that will provide onsite imaging

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services at Saint Thomas Medical Partners-Gallatin Care Center, a new primary care center in a newly constructed 2-story medical office building located at 110 St. Blaise Road in Gallatin (Sumner County), Tennessee. Gallatin Care Center offers primary care, physical therapy, laboratory services, express care, walk-in and same-day appointment clinics, and evening and Saturday extended hours. To support the providers and patients of the primary care center, as well as other physicians and residents of the community, the proposed ODC will provide a full range of imaging services, including MRI, CT, Mammography, Ultrasound and X-Ray services, onsite in approximately 6,020 leased square feet (SF) of the new 35,771 SF medical office building. As part of the project, MTI will acquire a fixed MRI 0.2 Tesla Open MRI unit from Southern Sports Medicine Institute approved in CN1501-002A, Advanced Diagnostic Imaging, P.C dba Southern Sports Medicine Institute. The extremities only MRI unit will be decommissioned and replaced by a newer, refurbished 1.5 Tesla fixed MRI unit with enhanced technology capacity. An overview of the project is provided on pages 2-3 of the original application.

*Note to Agency Members: During HSDA staff's review of the application for completeness, the applicant clarified and documented that CN1501-002A will be surrendered and the subject Open MRI unit decommissioned should the proposed ODC with MRI be approved. The Open MRI unit was approved in CN1501-002A, Advanced Diagnostic Imaging PC dba Southern Sports Medicine Institute for the continuation of in-office MRI services initially approved in CN0110-88A, Thomas L. Gautsch, M.D, P.C. under ownership of Advanced Diagnostic Imaging, PC, a multi-specialty physician practice group that Dr. Gautsch joined. Documentation pertaining to the decommissioning of the extremities-only Open MRI unit and the surrender of CN1501-002A is provided in Attachment A (revised) of Supplemental 2. Additional clarification of the arrangement between the parties relative to same was provided by the applicant in Supplemental 3.*

#### **Facility and MRI Equipment Information**

Key highlights of the applicant's proposed ODC and fixed MRI service are noted below.

- The applicant will purchase a refurbished 1.5 Tesla MRI unit at a cost of \$475,000 that will provide musculoskeletal imaging, body and breast imaging, cardiac imaging, neuro imaging and vascular imaging.
- The applicant has negotiated a 10 year initial term lease with Saint Thomas Health that consists of 6,020 rentable SF of space at a cost of \$2,563,248.
- The estimated square footage to be renovated for the proposed MRI/CT unit is 5,375 square feet at a cost of \$1,075,000.00 or \$200 per square foot.
- The applicant will be managed by PhyData, LLC located at 2024 Business Park Circle, Goodlettsville (Sumner County), TN.

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- The hours of operation will consist of Monday through Friday from 8 am to 5 pm.

### **Ownership**

- Middle Tennessee Imaging, LLC d/b/a Premier Radiology is a joint venture between Saint Thomas Health (53.86%), NOL, LLC (42.15%), and Murfreesboro Imaging Partners (3.99%).
- MTI was created to own and operate outpatient diagnostic centers.
- An organizational/ownership chart is located in Attachment A.4.
- A listing of 14 related MTI locations with driving time and distance from the applicant's proposed ODC in Gallatin (within 60 miles or less) is provided in the table on page 3 of Supplemental 1.

### **NEED**

#### **Project Need**

The applicant states that the proposed ODC with MRI is needed for the following reasons:

- The proposed project site is in a high growth area of Sumner County and is 30-60 minutes driving distance from 13 of 14 existing MTI locations.
- The closest ODC with MRI, MTI-Hendersonville, is 8 miles and is currently serviced by a mobile unit one day per week. MTI plans on developing a project to open a full service fixed MRI service at a new Saint Thomas Medical Partners Care Center in Hendersonville at some point in the future.
- Demand for ODC, MRI, and CT services is expected to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient.
- If approved, patient deductibles and co-pays will be less in the ODC setting making ODC services more accessible and affordable.

#### **Service Area Demographics**

There are nine zip codes that comprise the applicant's Sumner County primary service area (PSA), including Bethpage 37022, Castalian Springs 37031, Cottontown 37048, Gallatin 37066, Hendersonville 37075 and 37077, Mitchellville 37119, Portland 37148, and Westmoreland 37186. Highlights of the PSA summarized from pages 25, 26 and Tab 12 of the application are provided as follows:

- The total population of the applicant's 9 zip code service area is estimated at 167,452 residents in calendar year (CY) 2017 increasing by approximately 8.7% to 181,979 residents in CY 2022.
- In 2022, the population of the PSA is expected to account for approximately 92.9% of Sumner County's total population (approximately 195,970 total county residents)

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- The overall Tennessee statewide population is projected to grow by 4.4% from 2018 to 2022.
- The Age 65+ population of the service area is estimated at 30,095 residents in calendar year (CY) 2018 increasing by approximately 18.8% to 35,752 residents in CY 2022.
- The overall Tennessee statewide Age 65+ population is projected to grow by 20.2% from 2018 to 2022.
- The Age 65+ population is expected to account for 18.2% of the total population in 2022 compared to 18.8% statewide.
- The proportion of TennCare enrollees of the service area population in 2018 is 16.1%, compared with the state-wide average of 22.2%.

### Service Area Historical Utilization

Service Area MRI Utilization, 2014-2016

Provider	Type (*)	County	# of MRIs In 2016	2014	2015	2016	% of MRI Standard in 2016 (***)	% Change '14-'16
Portland Diagnostic Center	H-Imaging	Sumner	1 mobile 1 day/week	312	326	336	70%	7.7%
Sumner Regional Medical Center	Hospital	Sumner	1 fixed	3046	2795	2846	98.9%	-6.6%
Hendersonville Medical Center	Hospital	Sumner	1 fixed	2741	2939	2908	100.9%	6.1%
Outpatient Imaging Center at Hendersonville	HODC	Sumner	1 fixed	1669	1698	1711	59.4%	2.5%
Mobile MRI Services-Hendersonville	ODC	Sumner	1 mobile 1 day/week	0	0	1045	217.8%	NA
Southern Sports Medicine Institute	PO	Sumner	1 fixed (**)	638	332	275	NA	-56.7%
Diagnostic Center at Sumner Station	H-Imaging	Sumner	1 fixed	2106	2254	2029	70.5%	-3.7%
<b>Total</b>			<b>5 fixed 2 mobile</b>	<b>10,512</b>	<b>10,334</b>	<b>11,150</b>	<b>fixed:82.8% mobile:144%</b>	<b>6.1%</b>

Notes: (\*) HOSP= Hospital, PO = Physician Office, HODC = Imaging Center that is a hospital department, ODC = Outpatient Diagnostic Center; (\*\*) This fixed MRI is limited to use for extremities only; (\*\*\*) Third Year of service standard: Fixed MRI= 2,880 procedures per year; Mobile MRI=480 procedures per year for each day of service  
Source: HSDA Equipment Registry as of May 2, 2018

- There are 6 non-specialty MRIs and 1 specialty MRI (Southern Sports Medicine Institute) in the service area.
- The chart above indicates that MRI volumes in the service area increased 6.1% between 2014 and 2016. Three of the providers experienced increased volume during this time period.
- Southern Sports Medicine Institute's specialty MRI service experienced the highest decline in utilization during the period.
- Overall, the fixed MRIs in the service area operated at approximately 82.8% of the optimal MRI volume standard in 2016.



### Applicant's Historical and Projected Utilization

- MTI operates one ODC with mobile MRI at Saint Thomas Medical Partners-Hendersonville, a medical office building approximately 8 miles south of the applicant's proposed ODC.
- Including its Hendersonville site, there are 14 existing MTI locations within 60 miles or less that currently provide MRI services to residents of the proposed 9 zipcode PSA in Sumner County. As noted, the distances and travel times to the 14 MTI locations from the proposed ODC are shown in the table on page 3 of Supplemental 1.
- A table showing the 3 year MRI utilization trend at the 14 MTI sites by residents of the applicant's PSA was provided in Supplemental 1, Attachment B.
- Patient origin data showing MRI utilization by residents of the applicant's proposed 9 zipcode PSA in 2016 is shown in the following table:

**MRI Procedures by Provider in 2016, Sumner County Residents**

Provider Name	Procedures	Distribution
Sumner Regional Medical Center	2,176	12.9%
TriStar Hendersonville Medical Center	2,009	11.9%
Diagnostic Center at Sumner Station	1,681	10.0%
OP Imaging Ctr at Hendersonville MC	1,249	7.4%
TriStar Skyline Medical Center	1,064	6.3%
Vanderbilt University Medical Center	956	5.7%
All Other (less than 5%)	7,727	45.8%
<b>TOTAL</b>	<b>16,862</b>	<b>100.0%</b>

*Sources: Supplemental 1, Item 7, HSDA Medical Equipment Registry data request, TN Department of Health*

As indicated in the table above:

- No single site captured more than 13% of the total Sumner County resident MRI procedures in 2016.
- Approximately 57.8% of Sumner County resident MRI procedures were performed at sites outside of Sumner County in 2016.
- MTI sites within 60 miles of the proposed ODC in Gallatin captured approximately 17.8% of total resident MRI procedures in 2016.

The table below shows utilization by residents of the applicant's proposed PSA at 14 MTI locations within 60 miles of the proposed PSA for the 2015-2017 period. The use by residents of the applicant's 9 zipcode PSA as a percentage of the total MRI volumes of each MTI site is shown in the far right column of the table.

#### MRI Historical Volumes of MTI Sites

MTI Site	PSA Residents (2015)	PSA Residents (2016)	PSA Residents (2017)	Site Total (2017)	PSA Residents as a % of Site Total (2017)
Mobile MRI Medical Services	86	915	1,054	5,103	20.7%
Premier-Baptist	331	328	376	4,511	8.3%
Premier-Belle Meade	428	487	495	7,558	6.5%
Premier-Brentwood	43	59	54	3,244	1.7%
Premier-Briarville	0	0	0	0	NA
Premier-Cool Springs	57	42	29	4,966	0.6%
Premier-Hendersonville	0	0	0	0	NA
Premier-Hermitage	795	773	837	6,664	12.6%
Premier-Lenox Village	0	0	0	0	NA
Premier-Mt. Juliet	299	199	219	4,206	5.2%
Premier-Murfreesboro	16	13	10	7,927	0.1%
Premier-Nashville	165	127	225	2,777	8.1%
Premier-Smyrna	11	13	11	4,633	0.2%
Premier-St Thomas West	121	170	146	3,003	4.9%
<b>Total</b>	<b>2,352</b>	<b>3,126</b>	<b>3,456</b>	<b>54,592</b>	<b>6.3%</b>

Source: Supplemental 1, Attachment B

- MRI volumes by residents of the applicant's proposed 9 zipcode service area represented 6.3% of the total MRI volumes at the 14 MTI Sites identified in the table.
- Since 16-Slice Computed Tomography (CT) services, among other imaging modalities, will be also provided at the proposed ODC, the applicant included historical CT volumes in the table shown in Supplemental 1, Attachment B. Residents of the applicant's service area accounted for approximately 4,786 or 6.3% of 48,630 total CT procedures at the 14 MTI sites in 2017.

The applicant provides projected MRI utilization as follows:

#### Projected MRI Procedures

Service Area	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	% Change (2019-2021)
Proposed 9 zipcode service area	2,687	2,914	2,962	10.2%
Out of Service Area	134	146	148	10.4%
<b>Total</b>	<b>2,821</b>	<b>3,060</b>	<b>3,110</b>	<b>10.2%</b>

Source: Page 27, original application-CN1803-01

The projected utilization of all imaging modalities planned for the proposed ODC is shown in the table below:

**Projected Procedures, All Imaging Modalities**

<b>Imaging Modality</b>	<b>2019</b>	<b>2020</b>
MRI	2,821	3,060
CT	3,384	3,708
Ultrasound	3,770	4,091
X-Ray	5,666	6,148
Mammography	1,667	1,808
<b>Total</b>	<b>17,308</b>	<b>18,815</b>

- Residents of the applicant's proposed 9 zipcode service area will account for 2,962 or approximately 95.3% of total projected MRI volumes in Year 3 (2021) of the project.
- Projected MRI utilization is expected to increase by approximately 10.2% from Year 1 (2019) to Year 3 (2021) of the project.
- Projected MRI and CT utilization of the proposed ODC is expected to account for approximately 16% and 19.7%, respectively, of 18,815 total imaging procedures in Year2 (2020) of the project.

## **ECONOMIC FEASIBILITY**

### **Project Cost**

The total project cost is \$6,078,275. Of this amount, the major costs are as follows:

- Facility Lease-\$2,563,248 or 42.2% of total cost.
- Fixed imaging equipment, including MRI, CT, mammography and X-Ray equipment - \$1,665,042 or 27.4% of total cost.
- Of the \$1,665,042 fixed equipment cost, the applicant will purchase a 1.5 Tesla fixed MRI unit from GE for \$475,000 that will be placed into service at the proposed ODC.
- The applicant will also purchase the fixed extremities 0.2 Tesla Open MRI unit of Southern Sports Medicine Institute approved in CN1501-002A for approximately \$500,000. *Note to Agency Members: As noted previously in this project summary report, CN1501-002A will be surrendered and the open MRI unit decommissioned if the application is approved.*
- For other details on Project Cost, see the Project Cost Chart on page 37 (following page 39) of the original application.

### **Financing**

MTI will fund the proposed project from a commercial loan.

- A March 23, 2018 revised letter from Carol Titus, Senior Vice President, Pinnacle Bank identifying the interest rate and term of the \$2,809,042 line of credit available to fund the project is provided Attachment F of Supplemental 1.

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- Review of Middle Tennessee Imaging, LLC and Subsidiaries audited consolidated balance sheet ending December 31, 2016 revealed cash and cash equivalents of \$2,346,942, total current assets of \$10,625,910 and current liabilities of \$10,298,878 for a current ratio of 1.03 to 1.0.

*Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

- The net operating margin ratio for the total facility calculates to approximately 20.5% in Year 1 and 22% in Year 2.
- The projected net operating margin ratio for the MRI service calculates to approximately 33.8% in Year 1 and 34.6% in Year 2.

*Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.*

- MTI's capitalization ratio is 55.0% (as calculated from MTI's audited financial statements for the 2016 fiscal year period ending December 31, 2016).

*Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.*

#### **Historical Data Chart**

- As an applicant for a new ODC, the applicant has no historical data.

#### **Projected Data Chart**

Premier Radiology provided projected data charts for the proposed ODC in total on page 42 of the application and for MRI services in Attachment G of Supplemental 1. Some of the highlights are as follows:

##### MRI Services

- Estimated gross operating revenue is \$5,902,766 on 2,821 MRI procedures in FY2019 (Year 1) increasing by approximately 8.5% to \$6,402,859 on 3,060 procedures in FY2020 (Year 2).
- Net operating revenue for each of the first 2 years of the project is expected to be approximately 24.6% of gross operating revenue.
- Free Cash Flow (Net Balance + Depreciation) of \$170,030 is projected for FY2019 and is expected to increase by approximately 30.8% to \$222,350 in FY2020.

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- The applicant projects favorable net operating income of \$405,155 in Year 2, from a net income loss of (\$247,165) in Year 1.
- The applicant allocates \$35,417 for charity care in Year 1 increasing to \$38,417 in Year 2. Based on a projected gross charge of \$2,092 per MRI procedure (*as clarified in Supplemental 2, Item 3*), these amounts calculate to approximately 16.9 charity care patients in Year 1 and 18.4 patients in Year 2.

#### Total Facility

- Gross operating revenue is expected to increase by approximately 8.8% from \$13,630,575 on 17,308 total imaging procedures in FY2019 to \$14,825,817 on 18,815 total procedures in FY2020.
- The applicant projects favorable net income of \$419,213 in Year 2 from a net income loss of (\$293,931) in Year 1.

#### **Charges**

- A table containing the average gross charge (\$2,092 per MRI procedure), average deductions from revenue (\$1,577 per procedure), and average net charge (\$515 per procedure) for the MRI service is provided in Supplemental 2, Item 3.
- According to data reported in the HSDA Equipment Registry for the 2016 calendar year period, an average gross charge of \$2,090 per MRI procedure is between the first quartile (\$1,779.72 *per procedure*) and the median (\$2,474.23 *per procedure*) of MRI charges in Tennessee.

#### **Medicare/TennCare Payor Mix**

As a new facility, the applicant states that it will seek certification for participation in Medicare, TennCare, and Medicaid programs. The applicant's projected payor mix for Year 1 (FY2019) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare/Medicare Managed Care	\$2,589,809	19.0%
TennCare/Medicaid	\$612,013	4.5%
Commercial/Other Managed Care	\$9,681,797	71.0%
Charity/Self-Pay	\$81,783	0.6%
Other	\$398,013	2.9%
<b>TOTAL</b>	<b>\$13,630,575</b>	<b>100.0%</b>

Source: CN1803-014

- TennCare/Medicaid-2018 projected revenue is \$612,013 representing 4.5% of total revenue in Year 1.
- Medicare-The applicant expects \$2,589,809 in Medicare revenue representing 19% of total revenue in Year 1.

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY**

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- Managed Care/Commercial combined is projected to total \$9,681,797 or 71% of total revenue in Year 1.

## **PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS**

### **Licensure**

- If approved, MTI's proposed new Gallatin facility will be licensed by the Tennessee Department of Health as an ODC.

### **Certification**

- MTI is Medicare and TennCare/Medicaid certified.

### **Accreditation**

- MTI is accredited by the American College of Radiology.

### **Other Quality Standards**

- As noted in the March 26, 2018 supplemental response, the applicant commits to obtaining and/or maintaining the following:
  - Staffing levels comparable to the staffing chart presented in the CON application. The applicant will maintain appropriate staffing levels consistent with facility imaging volumes.
  - Licenses in good standing
  - TennCare/Medicare certifications
  - As a new operator of the proposed ODC, the applicant does not have a three year history to report regarding compliance with federal and state regulations.
  - Self-assessment and external peer assessment processes against nationally available benchmark data.
  - Data reporting, quality improvement and outcome/process monitoring systems.

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE**

### **Agreements**

- On Tab 19 of the application attachments MTI lists over 25 active managed care contracts.
- The applicant expects to have an emergency transfer agreement with area hospitals.

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### **Impact on Existing Providers**

- The proposal will not have any negative impact on other providers as the applicant is not requesting to add a fixed MRI unit in the service area.

### **Staffing**

The applicant provided the facility staffing complement in the table on pages 46 and 47 of the original application. As noted in the table, total direct patient care in Year 1 is expected to be as follows:

- 1.0 FTE MRI technologist
- 1.0 FTE CT technologist
- 3.0 FTE radiation technologists
- 5.0 Total FTEs

*Note to Agency Members: 1 FTE means an employee who works 2,080 regular hours per year.*

*Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in two years.

### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no other Letters of Intent or outstanding Certificates of Need for this applicant.

### **Denied Projects**

**Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1605-016D**, was denied at the October 26, 2016 Agency meeting for the establishment of an outpatient diagnostic center (ODC), acquisition of fixed magnetic resonance imaging (MRI) equipment, and the initiation of MRI services at 980 Professional Park Drive, Suite E in Clarksville (Montgomery County). The estimated cost was **\$941,648.00**. *Reason for Denial: The application did not meet the statutory criteria. The imaging service is located in Clarksville (Montgomery County); there was not an opportunity to examine the need of the other 19 counties in the service area.*

### **Pending Applications**

**Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1805-021** has a pending application that will be heard simultaneously with **Antioch Outpatient Diagnostic Center, CN1805-020** at the August 22, 2018 meeting for the establishment of an Outpatient

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY**

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Diagnostic Center, initiation of MRI services, and acquisition of a fixed 1.5T MRI unit in a new building under construction at 3754 Murfreesboro Pike, Antioch (Davidson County), TN. The estimated project cost is **\$3,558,788.00**.

*Note: Saint Thomas Health has a financial interest in the proposed project and the following.*

#### Denied Projects

**Saint Thomas Midtown Hospital (Emergency Department at Brentwood), CN1412-049D**, was denied at the March 25, 2015 Agency meeting for the establishment of a satellite emergency department facility with 8 treatment rooms at 791 Old Hickory Boulevard, Brentwood (Davidson County), TN. The facility was planned to be physically connected to Premier Radiology. **The estimated project cost was \$6,757,172.00.** *Reason for Denial: The application did not meet the statutory criteria. The decision was reached following consideration of the written report of the Department of Health/Office of Health Policy, the State Health Plan, the general criteria established by Health Services and Development Agency rules, and all evidence presented in the application.*

#### Outstanding Certificates of Need

**Saint Thomas Surgery Center New Salem, CN1707-022A** has an outstanding Certificate of Need that will expire December 1, 2020. The project was approved at the October 25, 2017 Agency meeting for the establishment of a multi-specialty ambulatory surgery treatment center (ASTC) with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro (Rutherford County), TN 37128. The project will involve the construction of 13,000 square feet of new ASTC space that will be leased by the applicant. **The estimated project cost is \$16,228,645.** *Project Status Update: Per the update provided in the March 26, 2018 Supplemental Response for CN1803-004, land was acquired for the site in March 2018, architectural plans are under development and review.*

**Saint Thomas Rutherford Hospital, CN1707-021**, has an outstanding Certificate of Need that will expire on December 1, 2020. The project was approved at the October 25, 2017 Agency meeting for the addition of 72 beds which will increase the licensed bed capacity from 286 beds to 358 beds. The hospital is located at 1700 Medical Center Parkway, Murfreesboro (Rutherford County), TN 37129. **The estimated project cost is \$47,478,943.** *Project Status Update: Per the update provided in the March 26, 2018 Supplemental Response for CN1803-004, architectural plans are under development and review. The project is on time and within budget and expected to begin in October 2018.*

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**Saint Thomas Highlands Hospital, CN1706-020**, has an outstanding project that will expire on December 1, 2020. The project was approved at the October 25, 2017 Agency meeting for the expansion of an existing geriatric inpatient psychiatric unit located at 401 Sewell Road, Sparta (White County), TN 38583 from 10 beds to 14 beds. The redistribution will not affect the hospital's 60-bed licensed capacity. **The estimated project cost is \$358,226.** *Project Status Update: Per the update provided in the March 26, 2018 Supplemental Response for CN1803-014, architectural plans have been reviewed and approved by the Tennessee Department of Health. Construction contracts have been awarded. The project is expected to start in April 2018.*

**Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1701-003A**, has an outstanding Certificate of Need will expire June 1, 2019. The project was approved at the April 26, 2017 agency meeting for the establishment of an Outpatient Diagnostic Center, initiation of MRI services, and acquisition of a fixed MRI unit in leased space at 2723 New Salem Highway, Murfreesboro (Rutherford County), TN. **The estimated project cost is \$2,626,335.46.** *Project Status Update: Per the e-mail update provided on May 17, 2018, the application for licensure was approved by the Tennessee Department of Health on May 16, 2018 and the facility is expected to open in the next 2 weeks. A Final Project Report is pending.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no Letters of Intent, denied or pending applications or outstanding Certificates of Need for similar service area entities proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

MAF/PJG; 6/6/2018

# LETTER OF INTENT

**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the The Tennessean which is a newspaper  
(Name of Newspaper)  
of general circulation in Sumner, Tennessee, on or before 03/09, 2018  
(County) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Middle Tennessee Imaging, LLC d/b/a Premier Radiology,  
(Name of Applicant)

an existing outpatient diagnostic center (ODC) provider,  
(Facility Type-Existing)

owned by: Middle Tennessee Imaging, LLC with an ownership type of limited liability company  
and to be managed by: PhyData, LLC intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a new ODC, the initiation of MRI and CT services, and the acquisition of a fixed 1.5T MRI unit and a fixed 16-slice CT unit, at a new building under construction at 110 St. Blaise Road, Gallatin, TN, 37066 (Sumner County). The proposed project will support Middle Tennessee Imaging, LLC's CON-exempt x-ray, mammography and ultrasound services at the Saint Thomas Medical Partners – Gallatin Care Center. As part of the project, 6,020 rentable square feet of medical office space will be built out for the ODC. Total project costs are estimated to be \$6,078,275.

The anticipated date of filing the application is: March 14, 2018

The contact person for this project is

Mark Gaw

Chief Financial Officer

who may be reached at: PhyData, LLC  
(Company Name)

3024 Business Park Circle  
(Address)

Goodlettsville

TN

37072

615 / 239-2039

(City)

(State)

(Zip Code)

(Area Code / Phone Number)

(Signature)

(Date)

mark.gaw@phydata.com  
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# Application (Copy)

Middle TN Imaging, LLC  
d/b/a Premier Radiology

CN1803-014

Premier  
Radiology



Saint Thomas  
Health

**MIDDLE TENNESSEE IMAGING, LLC**

**D/B/A**

**PREMIER RADIOLOGY**

**OUTPATIENT DIAGNOSTIC CENTER  
GALLATIN, TN**

**CERTIFICATE OF NEED APPLICATION  
MARCH 2018**



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243  
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

**CERTIFICATE OF NEED APPLICATION**

**SECTION A: APPLICANT PROFILE**

**1. Name of Facility, Agency, or Institution**

Middle Tennessee Imaging, LLC d/b/a Premier Radiology  
 Name

110 St. Blaise Road Sumner  
 Street or Route County

Gallatin TN 37066  
 City State Zip Code

Website address: www.premierradiology.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

**2. Contact Person Available for Responses to Questions**

Mark Gaw Chief Financial Officer  
 Name Title

PhyData, LLC mark.gaw@phydata.com  
 Company Name Email Address

3024 Business Park Circle Goodlettsville TN 37072  
 Street or Route City State Zip Code

Manager 615-239-2039 615-296-9944  
 Association with Owner Phone Number Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care.

Please answer all questions on 8½" X 11" **white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

### 3. **SECTION A: EXECUTIVE SUMMARY**

#### **A. Overview**

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

**RESPONSE:** Middle Tennessee Imaging, LLC (MTI) d/b/a Premier Radiology (Premier) currently operates 15 fixed site diagnostic imaging center locations in the metro Nashville area. MTI proposes the establishment of a new Outpatient Diagnostic Center (ODC), the initiation of MRI and CT services, and the acquisition of a fixed 1.5T MRI unit and a fixed 16-slice CT unit, all at 110 St. Blaise Road in Gallatin, TN, 37066 (Sumner County). The proposed project will support MTI's CON-exempt x-ray, mammography and ultrasound services at the Saint Thomas Medical Partners - Gallatin Care Center. As part of the project, 6,020 rentable square feet of medical office space will be built out to house a full-service imaging center that includes one fixed MRI unit and one fixed CT unit.

Upon project implementation, according to a 2015 Option Agreement (see **Attachments, Tab 10**), MTI will purchase and decommission the existing Sumner County MRI unit of an affiliated physician at Southern Sports Medicine Institute, PLLC. Thus, the proposed project will have a "net neutral" impact on the supply of MRI units in Sumner County.

- 2) Ownership structure;

**RESPONSE:** Middle Tennessee Imaging, LLC d/b/a Premier Radiology is a joint venture between Saint Thomas Health (53.86%), NOL, LLC (42.15%) and Murfreesboro Imaging Partners (3.99%). MTI was created to own and operate outpatient diagnostic centers.

Saint Thomas Health is a Tennessee nonprofit corporation. NOL, LLC has over 25 individual members, none of which have ownership greater than 5%. Murfreesboro Imaging Partners is a Tennessee limited liability company.

- 3) Service area;

**RESPONSE:** The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. These zip codes include: 37022 Bethpage/Rock Bridge, 37031 Castalian Springs, 37048 Cottontown, 37066 Gallatin, 37075 Hendersonville, 37077 Hendersonville, 37119 Mitchellville, 37148 Portland and 37186 Westmoreland.

Although MTI has an imaging center in Hendersonville at the south end of Sumner County, this facility lacks a fixed MRI unit. Similarly, MTI-Briarville in northeastern Davidson County also lacks a fixed MRI unit. While MTI's Hermitage imaging center in eastern Davidson County does have a fixed MRI unit, it is separated from Gallatin and Sumner County by Old Hickory Lake and the Cumberland River, both natural geographic barriers to access.

## 4) Existing similar service providers;

**RESPONSE:** As described above, MTI will purchase and decommission the existing Sumner County MRI unit of an affiliated physician at Southern Sports Medicine Institute, PLLC. Thus, the proposed project will have a “net neutral” impact on the supply of MRI units in Sumner County.

There are two mobile MRIs and four other fixed MRIs currently providing services in Sumner County. With regard to the two mobile MRI units, each serves one day per week – one in Portland as a hospital-owned service (HCA TriStar Hendersonville Medical Center) and the other at MTI-Hendersonville as an ODC.

The four other fixed MRI units are all hospital-related: two as in-hospital services (HCA TriStar Hendersonville Medical Center and LifePoint Sumner Regional Medical Center), and two others (one for each hospital) as second-site services.

There are nine existing fixed CT units in Sumner County, including four associated with HCA TriStar Hendersonville Medical Center, three associated with LifePoint Sumner Regional Medical Center and one each at Urology Associates, PC and MTI-Hendersonville.

As documented later in this application, Sumner County providers of MRI and CT services have experienced growth in utilization over the past three reporting years and are operating at high effective capacities. Demand for ODC MRI and CT services is expected to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

Furthermore, both the Saint Thomas Medical Partners - Gallatin Care Center and MTI's Gallatin imaging site were selected to deliver patient care closer to where patients live in an integrated, full-service setting. Sumner County is in a high growth area northeast of Nashville, having a natural geographic access barrier to the south with Old Hickory Lake and the Cumberland River. Traffic between Gallatin and downtown Nashville is a growing concern, causing additional access issues to existing providers.

## 5) Project cost;

**RESPONSE:** Project costs include equipment costs of \$1,785,042 and leased facility costs of \$2,563,248 for 6,020 rentable square feet over the initial 10-year term. Total project costs are \$6,078,275.

## 6) Funding;

**RESPONSE:** The project will be funded by a loan from Pinnacle Bank in Nashville.

## 7) Financial Feasibility including when the proposal will realize a positive financial margin; and

**RESPONSE:** The project is financially feasible and will realize a positive financial margin in its second year of operation. The project would have also realized a positive financial margin in its first year of operation if not for the one-time charge associated



with the purchase and decommissioning of the MRI unit of an affiliated physician at the Southern Sports Medicine Institute.

8) Staffing.

RESPONSE: Minimal staffing is required for the project – five imaging techs and three support/administrative staff.

## B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

### 1) Need;

**RESPONSE:** Middle Tennessee Imaging, LLC (MTI) d/b/a Premier Radiology (Premier) currently operates 15 fixed site diagnostic imaging center locations in the metro Nashville area. Both the Saint Thomas Medical Partners - Gallatin Care Center and MTI's Gallatin imaging site were selected to deliver patient care closer to where patients live. The Gallatin area, and Sumner County overall, is a high population growth area northeast of Nashville on the north side of Old Hickory Lake and the Cumberland River. This natural geographic barrier further complicates travel with the increased traffic between Sumner County and the greater Nashville area, causing access issues to existing providers on the other side of the river and via I-65.

The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. These zip codes include: 37022 Bethpage/Rock Bridge, 37031 Castalian Springs, 37048 Cottontown, 37066 Gallatin, 37075 Hendersonville, 37077 Hendersonville, 37119 Mitchellville, 37148 Portland and 37186 Westmoreland.

Within these nine zip codes, MTI already served the following numbers of imaging patient procedures in 2017:

- MRI – 3,462
- CT – 4,784
- X-Ray – 7,555
- Mammography – 2,222
- Ultrasound – 5,027

MTI-Gallatin patients will be generated from the redirection of existing MTI patients within the existing MTI network of facilities. Rather than traveling longer distances to other locations, patients from the proximate zip codes within Sumner County are expected and encouraged to receive the full range of imaging services from this new location in Gallatin.

Sumner County providers of MRI and CT services have experienced rapid growth in utilization over the past three reporting years. Demand for MRI and CT services is expected to grow as the Sumner County population growth, aging, and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. Patients are typically searching out ODCs since this type of provider is reimbursed at lower rates than hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

Although MTI has an imaging center in Hendersonville at the south end of Sumner County, this facility lacks a fixed MRI unit. Similarly, MTI-Briarville in northeastern Davidson County also lacks a fixed MRI unit. While MTI's Hermitage imaging center

in eastern Davidson County does have a fixed MRI unit, it is separated from Gallatin and Sumner County by Old Hickory Lake and the Cumberland River, both natural geographic barriers to access.

2) Economic Feasibility;

**RESPONSE:** Project costs include equipment costs of \$1,785,042 and leased facility costs of \$2,563,248 for 6,020 rentable square feet over the initial 10-year term. Total project costs are \$6,078,275. The project will be funded by a loan from Pinnacle Bank in Nashville. The project is financially feasible and will realize a positive financial margin in its second year of operation. The project would have also realized a positive financial margin in its first year of operation if not for the one-time charge associated with the purchase and decommissioning of the MRI unit of an affiliated physician at the Southern Sports Medicine Institute. Minimal staffing is required for the project – five imaging techs and three support/administrative staff.

3) Appropriate Quality Standards; and

**RESPONSE:** Like MTI's other existing ODCs, the MTI-Gallatin ODC will be licensed by the Tennessee Department of Health. The MRI and CT units will be accredited by the American College of Radiology.

4) Orderly Development to adequate and effective health care.

**RESPONSE:** As documented later in this application, Sumner County providers of MRI and CT services have experienced growth in utilization over the past three reporting years and are operating at high effective capacities. Demand for ODC MRI and CT services is expected to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

MTI's proposal to develop an ODC and establish MRI and CT services in the Saint Thomas Medical Partners - Gallatin Care Center will have a positive impact on the delivery of high tech imaging services for the residents of Sumner County. Because of the strong population growth that has been projected for the service area, and even much larger growth in the senior population age 65 and older, MTI will be able to achieve sufficient volumes to meet HDSA's guidelines with minimal additional market capture. This is because the proposed project is based on the redirection of patients being treated in other MTI facilities to a location that is much more accessible to their homes.

The second point is that the proposed project will not add to the MRI medical equipment inventory. The proposed project involves the acquisition of a physician office-based MRI service, and the replacement of that older unit with a newer unit with advanced technology features. Consequently, there is no adverse impact to existing providers of MRI services in Sumner County.

**C. Consent Calendar Justification**

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

**RESPONSE:** Not applicable, Consent Calendar is not requested.

#### 4. SECTION A: PROJECT DETAILS

##### Owner of the Facility, Agency or Institution

A. Middle Tennessee Imaging, LLC (MTI) 615-986-6153  
 Name Phone Number  
28 White Bridge Pike, Suite 111 Davidson  
 Street or Route County  
Nashville TN 37205  
 City State Zip Code

##### B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	_____	F. Government (State of TN or	_____
B. Partnership	_____	Political Subdivision)	
C. Limited Partnership	_____	G. Joint Venture	_____
D. Corporation (For Profit)	_____	H. Limited Liability Company	<u>X</u>
E. Corporation (Not-for-Profit)	_____	I. Other (Specify)	_____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. Attachment Section A-4A. **See Attachments, Tab 1 and Tab 2.**

**Describe** the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest. **See Attachments, Tab 3 and Tab 4.**

##### 5. Name of Management/Operating Entity (If Applicable)

PhyData, LLC  
 Name  
3024 Business Park Circle Sumner  
 Street or Route County  
Goodlettsville TN 37072  
 City State Zip Code  
 Website address: \_\_\_\_\_

**For new facilities or existing facilities** without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5. **See Attachments, Tab 5.**

**6A. Legal Interest in the Site of the Institution (Check One)**

- |                             |          |                    |       |
|-----------------------------|----------|--------------------|-------|
| A. Ownership                | _____    | D. Option to Lease | _____ |
| B. Option to Purchase       | _____    | E. Other (Specify) | _____ |
| C. Lease of <u>10</u> Years | <u>X</u> |                    |       |

**Check appropriate line above:** For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

**See Attachments, Tab 6 (6-A).**

**6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

- a. Size of site (***in acres***);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads or highway that cross or border the site.

**RESPONSE:** The key on the first plot plan indicates a lot size of 138,076 sf (3.17 acres). St. Blaise Road is marked along the bottom border of each plot plan.

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**RESPONSE:** The site is located just off Nashville Pike/Highway 31E in Gallatin. Sumner County, including the proposed site, is served by Mid-Cumberland Public Transit. According to their web site, curb-to-curb service is provided with flexible schedules. "Rides are scheduled on a first-come, first-served basis, with priority given to medical appointments. While we request advance notice, it is not required. Please be assured your personal information will remain confidential."

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

**See Attachments, Tab 7 (6-B1), Tab 8 (6-B2), and Tab 9 (6-B3).**

**7. Type of Institution (Check as appropriate--more than one response may apply)**

- |   |  |
|---|--|
| A. Hospital (Specify) _____               | H Nursing Home _____                     |
| B. Ambulatory Surgical Treatment _____    | I. Outpatient Diagnostic Center <u>X</u> |
| Center (ASTC), Multi-Specialty _____      | J. Rehabilitation Facility _____         |
| C. ASTC, Single Specialty _____           | K. Residential Hospice _____             |
| D. Home Health Agency _____               | L. Nonresidential Substitution- _____    |
| E. Hospice _____                          | Based Treatment Center for _____         |
| F. Mental Health Hospital _____           | Opiate Addiction _____                   |
| G. Intellectual Disability _____          | M. Other (Specify) _____                 |
| Institutional Habilitation Facility _____ |  |
| ICF/IID _____                             |  |

Check appropriate lines(s).

**8. Purpose of Review (Check appropriate lines(s) – more than one response may apply)**

- |   |                                    |
|---|------------------------------------|
| A. New Institution <u>X</u>             | F. Change in Bed Complement _____  |
| B. Modifying an ASTC with _____         | [Please note the type of change    |
| limitation still required per CON _____ | by underlining the appropriate     |
| C. Addition of MRI Unit <u>X</u>        | response: Increase, Decrease,      |
| D. Pediatric MRI _____                  | Designation, Distribution,         |
| E. Initiation of Health Care _____      | Conversion, Relocation]            |
| Service as defined in T.C.A. _____      | G. Satellite Emergency Dept. _____ |
| §68-11-1607(4) _____                    | H. Change of Location _____        |
| (Specify) _____                         | I. Other (Specify) _____           |

**9. Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number 10G706948

Medicaid Provider Number 3790913

Certification Type \_\_\_\_\_

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes \_\_\_ No \_\_\_ N/A Medicaid/TennCare X Yes \_\_\_ No \_\_\_ N/A

**10. Bed Complement Data****A. Please indicate current and proposed distribution and certification of facility beds.**

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>						

\*Beds approved but not yet in service

\*\*Beds exempted under 10% per 3 year provision

**Response:** Not applicable.**B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.****C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.****Response:** Not applicable

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>



**11. Home Health Care Organizations** – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: **Not Applicable**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mauzy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

## 12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
<b>Imaging</b>	<b>N/A</b>	<b>-0-</b>	<b>N/A</b>	<b>First Floor</b>	<b>5,375</b>	<b>-0-</b>	<b>5,375</b>
Unit/Department GSF Sub-Total	<b>N/A</b>	<b>-0-</b>	<b>N/A</b>	<b>First Floor</b>	<b>5,375</b>	<b>-0-</b>	<b>5,375</b>
Other GSF Total							
Total GSF	<b>N/A</b>	<b>-0-</b>	<b>N/A</b>	<b>First Floor</b>	<b>5,375</b>	<b>-0-</b>	<b>5,375</b>
*Total Cost					<b>\$1,075,000</b>	<b>-0-</b>	<b>\$1,075,000</b>
**Cost Per Square Foot					<b>\$200.00</b>	<b>-0-</b>	<b>\$200.00</b>
<p><b>RESPONSE 1:</b> Project involves 5,375 useable square feet (USF). Cost per square foot reported at gross, does not include \$50.00/RSF tenant improvement allowance (TIA) on 6,020 RSF.</p> <p>Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hsda">www.tn.gov/hsda</a> )</p> <p><b>RESPONSE 2:</b> Data not available for ODCs.</p>					<input type="checkbox"/> Below 1 <sup>st</sup> Quartile  <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile  <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile  <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile  <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile  <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile  <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile  <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile  <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile  <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile

\* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

\*\* Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

**13. MRI, PET, and/or Linear Accelerator**

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

**RESPONSE:** GE 1.5T MRI HDxt

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

**RESPONSE:** Not applicable.

- A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase	
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease	Expected Useful Life(yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs)	_____
<input checked="" type="checkbox"/> MRI	Tesla: 1.5	Magnet:	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity
		<input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____	
	Total Cost*: \$475,000	X By Purchase	
<input type="checkbox"/> New	<input checked="" type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease	Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs)	TBD
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	<input type="checkbox"/> By Purchase	
	Total Cost*: _____	<input type="checkbox"/> By Lease	Expected Useful Life (yrs) _____
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs)	_____

\* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

**RESPONSE:** Please see **Attachments, Tab 10.**

- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

**RESPONSE:** Not applicable.

## D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	Monday - Friday	8:00am – 5:00 pm
Mobile Locations (Applicant)		
(Name of Other Location)		
(Name of Other Location)		

## E. Identify the clinical applications to be provided that apply to the project.

**RESPONSE:** The fixed MRI unit will be used for the following clinical applications:

- Musculoskeletal imaging,
- Body and breast imaging,
- Cardiac imaging,
- Neuro imaging and
- Vascular imaging.

## F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

**RESPONSE:** FDA approval is provided with the vendor quotation in **Attachments, Tab 10**.

## **SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. **If a question does not apply to your project, indicate “Not Applicable (NA).”**

### **QUESTIONS**

#### **SECTION B: NEED**

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency’s website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

**RESPONSE:** Under the “*Tennessee Health: Guidelines for Growth*,” there are three sets of criteria applicable to the proposed project:

- Outpatient Diagnostic Centers
- Construction, Renovation, Expansion & Replacement of Health Care Institutions and
- Magnetic Resonance Imaging (MRI).

Each set of criteria is addressed below.

## OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

**RESPONSE:** See the sections below, describing the need for the MRI and CT services which will be offered in the ODC proposed by MTI. Both the need methodologies and the results are provided on a county by county basis, for 2018 and 2022.

The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. These zip codes include: 37022 Bethpage/Rock Bridge, 37031 Castalian Springs, 37048 Cottontown, 37066 Gallatin, 37075 Hendersonville, 37077 Hendersonville, 37119 Mitchellville, 37148 Portland and 37186 Westmoreland.

As documented later in this application, Sumner County providers of MRI and CT services have experienced growth in utilization over the past three reporting years and are operating at high effective capacities. Demand for ODC MRI and CT services is expected to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

Furthermore, both the Saint Thomas Medical Partners - Gallatin Care Center and MTI's Gallatin imaging site were selected to deliver patient care closer to where patients live in an integrated, full-service setting. Sumner County is in a high growth area northeast of Nashville, having a natural geographic access barrier to the south with Old Hickory Lake and the Cumberland River. Traffic between Gallatin and downtown Nashville is a growing concern, causing additional access issues to existing providers.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

**RESPONSE:** See the sections, below, describing the need for the MRI and CT services which will be offered in the ODC proposed by MTI. Both the need methodologies and the results are provided on a county by county basis, for 2018 and 2022.

As described previously, MTI will purchase and decommission the existing Sumner County MRI unit of an affiliated physician at Southern Sports Medicine Institute, PLLC. Thus, the proposed project will have a "net neutral" impact on the supply of MRI units in Sumner County.

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

**RESPONSE:** See the sections, below, describing the need for the MRI and CT services which will be offered in the ODC proposed by MTI.

There are two mobile MRIs and four other fixed MRIs currently providing services in Sumner County. With regard to the two mobile MRI units, each serves one day per week – one in Portland as a hospital-owned service (HCA TriStar Hendersonville Medical Center) and the other at MTI-Hendersonville as an ODC.

The four other fixed MRI units are all hospital-related: two as in-hospital services (HCA TriStar Hendersonville Medical Center and LifePoint Sumner Regional Medical Center), and two others (one for each hospital) as second-site services.

There are nine existing fixed CT units in Sumner County, including four associated with HCA TriStar Hendersonville Medical Center, three associated with LifePoint Sumner Regional Medical Center and one each at Urology Associates, PC and MTI-Hendersonville.

As documented later in this application, Sumner County providers of MRI and CT services have experienced growth in utilization over the past three reporting years and are operating at high effective capacities. Demand for ODC MRI and CT services is expected to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

**RESPONSE:** See the sections, below, describing the need for the MRI and CT services which will be offered in the ODC proposed by MTI. The special needs and circumstances include high utilization of existing providers, rapid population growth and increased traffic levels that are compounded by natural geographic barriers (Old Hickory Lake, Cumberland River) which adversely impact patient access to lower cost ODC services compared to higher cost hospital outpatient department (HOPD) rates.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

**RESPONSE:** Emergencies in outpatient imaging ODCs are extremely rare. As with MTI's existing ODC operations, physicians and technologists will be trained to handle emergency situations. A crash cart, stocked with appropriate emergency equipment and medications, will be maintained at all times. Hospital transfer agreements will be maintained with Saint Thomas Health, as shown in **Attachments, Tab 11**. Upon facility opening, additional hospital transfer agreements will be sought.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

**Response:** As an existing ODC provider of MRI and CT services, existing MTI policies regarding medical necessity and medical appropriateness will be maintained.

CONSTRUCTION, RENOVATION, EXPANSION & REPLACEMENT OF  
HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

**RESPONSE:** MTI acknowledges this statement and has provided responses to the MRI guidelines.

2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
  - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

**RESPONSE:** Not applicable. The MTI project does not include the relocation or replacement of an existing licensed health care institution.

3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

**RESPONSE:** See the sections, below, describing the need for the MRI and CT services which will be offered in the ODC proposed by MTI.

The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. These zip codes include: 37022 Bethpage/Rock Bridge, 37031 Castalian Springs, 37048 Cottontown, 37066 Gallatin, 37075 Hendersonville, 37077 Hendersonville, 37119 Mitchellville, 37148 Portland and 37186 Westmoreland.

Sumner County providers of MRI and CT services have experienced growth in utilization over the past three reporting years and are operating at high effective capacities. Demand for ODC MRI and CT services is expected to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

Furthermore, both the Saint Thomas Medical Partners - Gallatin Care Center and MTI's Gallatin imaging site were selected to deliver patient care closer to where patients live in an integrated, full-service setting. Sumner County is in a high growth area northeast of Nashville, having a natural geographic access barrier to the south with Old Hickory Lake and the Cumberland River. Traffic between Gallatin and downtown Nashville is a growing concern, causing additional access issues to existing providers.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

**Response:** The proposed MRI and CT space is "first generation" space in a newly completed medical office building. In other words, it has never been finished or built out for tenant occupancy.



MAGNETIC RESONANCE IMAGING (MRI)

## 1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

**RESPONSE:** MTI-Gallatin is projected to meet each of these criteria. Please see the text following this section for narrative with calculations and exhibits.

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

**RESPONSE:** Not applicable. MTI is not seeking a new non-Specialty mobile MRI service.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

**RESPONSE:** Not applicable. MTI is not seeking an exception.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

**RESPONSE:** Not applicable. MTI is not proposing a mobile MRI unit.

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

**RESPONSE:** Not applicable. MTI is not proposing a hybrid MRI unit.

- 2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 95 percent of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

**RESPONSE:** MTI-Gallatin is projected to meet this criterion. The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. These zip codes include: 37022 Bethpage/Rock Bridge, 37031 Castalian Springs, 37048 Cottontown, 37066 Gallatin, 37075 Hendersonville, 37077 Hendersonville, 37119 Mitchellville, 37148 Portland and 37186 Westmoreland. The proposed location is accessible to approximately 95

percent of the Service Area's population. No non-Tennessee counties are included. Please see the text following this section for narrative with calculations and exhibits.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

**RESPONSE:** MTI-Gallatin provides lower cost technologies. The proposed MRI (and CT) unit will supplement these other technologies. At a cost of only \$475,000, MTI's proposed 1.5T GE MRI unit represents very affordable and high quality technology.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

**RESPONSE:** MRI providers in Sumner County do not exceed this criterion. However, this proposed project does not add an MRI unit to the existing medical equipment inventory. Upon project implementation, according to a 2015 Option Agreement (see **Attachments, Tab 10**), MTI will purchase and decommission the existing Sumner County MRI unit of an affiliated physician at Southern Sports Medicine Institute, PLLC. Thus, the proposed project will have a "net neutral" impact on the supply of MRI units in Sumner County. Please see the text following this section for narrative with calculations and exhibits.

5. Need Standards for Specialty MRI Units.

**RESPONSE:** Not applicable. This project does not involve any Specialty MRI Units.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

**RESPONSE:** Historical MRI utilization is provided in the text following this section, with calculations and exhibits.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.
- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

**RESPONSE:** Documentation of FDA approval for the GE 1.5T MRI unit is provided at **Attachments, Tab 10**.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

**RESPONSE:** Documentation from the architect confirming compliance with applicable codes and licensing regulations is provided at **Attachments, Tab 16**.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

**RESPONSE:** Emergencies in outpatient imaging ODCs are extremely rare. As with MTI's existing ODC operations, physicians and technologists will be trained to handle emergency situations. A crash cart, stocked with appropriate emergency equipment and medications, will be maintained at all times. Hospital transfer agreements will be maintained with Saint Thomas Health, as shown in **Attachments, Tab 11**. Upon facility opening, additional hospital transfer agreements will be sought.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

**RESPONSE:** As a new imaging center, MTI-Gallatin will implement policies in effect at other MTI imaging centers regarding medical necessity and medical appropriateness.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

**RESPONSE:** MTI commits to establish and maintain accreditation after replacement of the old MRI unit, formerly under Southern Sports Medicine Institute, PLLC, including staffing recommendations and requirements, and staff education and training programs.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

**RESPONSE:** MTI-Gallatin commits to full accreditation by the American College of Radiology within two years, and shall be maintained continuously thereafter.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

**RESPONSE:** Emergencies in outpatient imaging ODCs are extremely rare. As with MTI's existing ODC operations, physicians and technologists will be trained to handle emergency situations. A crash cart, stocked with appropriate emergency equipment and medications, will be maintained at all times. Hospital transfer agreements will be maintained with Saint Thomas Health, as shown in **Attachments, Tab 11**. Upon facility opening, additional hospital transfer agreements will be sought. Radiologist CVs are provided at **Attachment Tab 12**. The medical director will be an active member of the subject transfer agreement hospital medical staff.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

**RESPONSE:** The applicant will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

**Response:** This project does not qualify for special consideration under this criterion.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

**Response:** This project does not qualify for special consideration under this criterion.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

**Response:** This project qualifies for special consideration under this criterion. The applicant contracts with four TennCare MCOs and participates in the Medicare program.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

**Response:** This project does not qualify for special consideration under this criterion.

## MRI Need Methodology and Results

### Background

Later this year, Saint Thomas Health plans to open a new primary care center in a newly constructed medical office building at 110 Saint Blaise Road in Gallatin (Sumner County). The Saint Thomas Medical Partners - Gallatin Care Center and the proposed MTI-Gallatin imaging service within this location were selected to deliver patient care closer to where patients live. Sumner County is a high growth area northeast of Nashville, and north of Old Hickory Lake and the Cumberland River, a natural geographic barrier to health care access. Traffic between Sumner County and the greater Nashville area is a growing concern, causing access issues to providers in other counties.

Saint Thomas Medical Partners - Gallatin Care Center will offer a number of important health services to the community including:

- Primary Care
- Physical Therapy
- Laboratory Services
- ExpressCare, a Walk-in and Same-Day Appointment Clinic
- Extended Hours, including evenings and Saturdays

To support these providers and their patients, as well as other physicians and residents of the community, MTI will provide imaging services for Saint Thomas Medical Partners - Gallatin Care Center, including CON-exempt x-ray, mammography and ultrasound services. MTI is proposing to develop a new ODC which will provide onsite MRI and CT services. As part of its proposed ODC project, MTI will acquire a fixed MRI unit from Southern Sports Medicine Institute, PLLC, in Sumner County, then replace this older unit with a newer unit having enhanced technology. Consequently, there will be no increase to the existing medical equipment inventory for MRI as a result of this project.

A total of 6,020 rentable square feet will be devoted to the MTI-Gallatin imaging center within the Saint Thomas Medical Partners - Gallatin Care Center. MTI estimates the total cost for this project to be \$6,078,275.

### MTI's Nearest Existing Imaging Services

The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. Although MTI has an imaging center in Hendersonville (approximately eight miles from the Saint Thomas Medical Partners - Gallatin Care Center) at the south end of Sumner County, this facility lacks a fixed MRI unit. Similarly, MTI-Briarville (approximately 18 miles from the Saint Thomas Medical Partners - Gallatin Care Center) in northeastern Davidson County also lacks a fixed MRI unit. While MTI's Hermitage imaging center (again, approximately 18 miles from the Saint Thomas Medical Partners - Gallatin Care Center) in eastern Davidson County does have a fixed MRI unit, it is separated from Gallatin and Sumner County by Old Hickory Lake and the Cumberland River, both natural geographic barriers to access. In conclusion, there are no practical MRI alternatives available to the Saint Thomas Health and Saint Thomas Medical Partners continuum of patient care in Gallatin or at the Gallatin Care Center.

### MTI-Gallatin Service Area Imaging Patients

Based on existing referral patterns to MTI facilities in the greater Nashville area, the service area for the proposed MTI-Gallatin ODC is nine zip codes in Sumner County, east of I-65: 37022 Bethpage/Rock Bridge, 37031 Castalian Springs, 37048 Cottontown, 37066 Gallatin, 37075 Hendersonville, 37077 Hendersonville, 37119 Mitchellville, 37148 Portland and 37186 Westmoreland. Please see **Attachments, Tab 9** for a map of the zip codes and **Attachments, Tab 13** for a map of the service area county.

Within these nine zip codes, MTI already served the following numbers of imaging patient procedures in 2017:

- MRI – 3,462
- CT – 4,784
- X-Ray – 7,555
- Mammography – 2,222
- Ultrasound – 5,027

MTI-Gallatin patients will be generated from the redirection of existing MTI patients within the existing MTI network of facilities. Rather than traveling longer distances to other locations, patients from the proximate zip codes within Sumner County are expected and encouraged to receive the full range of imaging services from this new location in Gallatin.

### Service Area Population Growth

MTI-Gallatin's service area has an estimated 2017 population of 167,452. From 2017 to 2022, the overall service area will grow by approximately 14,527 residents, an 8.7 percent growth rate, reaching 181,979 total residents. Please see the following analysis.

**Projected 2017-2022 Total Population Growth**

ZIP Code	City	Total Population		Growth
		2017	2022	
37022	Bethpage	5,593	5,840	4.4%
37031	Castalian Springs	4,059	4,342	7.0%
37048	Cottontown	5,854	6,260	6.9%
37066	Gallatin	50,311	55,411	10.1%
37075	Hendersonville	68,033	74,804	10.0%
37077	Hendersonville	Included in 37075		
37119	Mitchellville	Included in 37148		
37148	Portland	23,762	25,087	5.6%
37186	Westmoreland	9,840	10,235	4.0%
	<b>TOTAL</b>	<b>167,452</b>	<b>181,979</b>	<b>8.7%</b>

Source: ESRI

The senior population (65 years of age and older) in the service area is growing at an even faster rate than the total population. The growth in the senior population is significant given that seniors utilize healthcare resources (including imaging services such as MRI and CT) at a higher rate than younger age groups. Projections indicate that between 2017 and 2022, the senior population will grow from 26,503 residents to 32,870 residents, an increase of 6,367 seniors, representing a 24.0 percent increase. Moreover, seniors will account for nearly 44 percent of the service area's population growth between 2017 and 2022.

### Projected 2017-2022 Age 65+ Population

ZIP Code	City	Age 65+ Population		Growth
		2017	2022	
37022	Bethpage	886	1,118	26.2%
37031	Castalian Springs	612	789	28.9%
37048	Cottontown	934	1,231	31.8%
37066	Gallatin	8,603	10,716	24.6%
37075	Hendersonville	10,782	13,439	24.6%
37077	Hendersonville	Included in 37075		
37119	Mitchellville	Included in 37148		
37148	Portland	3,217	3,803	18.2%
37186	Westmoreland	1,469	1,774	20.8%
	<b>TOTAL</b>	<b>26,503</b>	<b>32,870</b>	<b>24.0%</b>

Source: ESRI

These tables will be used to project observed patient volumes of MTI facilities in the greater Nashville area for the MTI-Gallatin site. For Certificate of Need purposes, current year population is 2018 and the Horizon Year for this proposed project is 2022. Data for these years are presented elsewhere in this CON application, and under **Attachments, Tab 12**, Population Table for Section B, Need, D(1)(b).

### MTI-Gallatin Utilization Projections

MTI-Gallatin projects, based on conservative assumptions, that its volumes will meet HDSA's volume guidelines for new MRI units. The following exhibit profiles MTI-Gallatin's historical and projected volume assumptions based on population growth alone:

### MTI Imaging Centers: MRI Procedures by Patient Zip Code, 2017-2022

ZIP Code	City	Actual	Pop.	Projected
		CY2017	Growth	CY2022
37022	Bethpage	122	4.4%	127.4
37031	Castalian Springs	110	7.0%	117.7
37048	Cottontown	144	6.9%	153.9
37066	Gallatin	1,043	10.1%	1,148.3
37075	Hendersonville	1,378	10.0%	1,515.8
37077	Hendersonville	14	10.0%	15.4
37119	Mitchellville	5	5.6%	5.3
37148	Portland	485	5.6%	512.2
37186	Westmoreland	161	4.0%	167.4
	<b>TOTAL</b>	<b>3,462</b>		<b>3,763.4</b>

Sources: 2017 MTI records; 2022 projections incorporate ESRI zip-level total (all ages) population growth

The preceding table shows actual MRI procedures performed by MTI imaging centers on patients from these nine service area zip codes. The Projected 2022 procedures are derived through population growth forecasted for each zip code for the total population (all ages).

Through population projections for the service area and internal MTI redirection rates, MTI-Gallatin will be able to achieve the following volumes for 2019-2022 (project Years 1-4, respectively):

### MTI-Gallatin MRI Procedure Projections

Service Area	Base 2017	Interim 2018	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)
MTI Procedures – with Svc Area Pop Growth	3,462	3,522	3,583	3,643	3,703	3,763
Internal Redirection Rate			75%	80%	80%	80%
Total Within Service Area			2,687	2,914	2,962	3,010
Outside Svc Area,+5%			134	146	148	151
<b>TOTAL, MTI-Gallatin</b>			<b>2,821</b>	<b>3,060</b>	<b>3,110</b>	<b>3,161</b>

Note: MTI annual procedures are interpolated from preceding table

MTI-Gallatin achieves its MRI procedures from:

- existing MTI patient referral patterns,
- patient redirections from existing MTI imaging centers to this more convenient site,
- service area population growth using the growth rates from the total population (all ages) and
- 5% in-migration from outside the nine zip code service area.

MTI-Gallatin does not rely upon the following additional factors:

- redirecting patients from other area imaging providers,
- service area population growth using much higher rates from seniors (age 65+) and
- redirection of patients from the decommissioned MRI at Southern Sports Medicine Institute.

In fact, MTI-Gallatin's 2022 MRI procedure projection is still 301 procedures less (8.7 percent less) than what all MTI facilities served from the nine zip codes in 2017.

### Area MRI Provider Utilization Projections

Since MTI-Gallatin is projected to serve fewer MRI patients than MTI facilities served in 2017, it cannot have an adverse impact on other service area MRI providers. In fact, service area population growth is sufficient for existing and underutilized MRI providers to achieve higher volumes as well.

### Historical Utilization: Existing MRI Providers in Sumner County

Provider	Units	CY 2014	CY 2015	CY 2016	Growth	2016 Capacity
Diagnostic Center, Sumner Station	1	2,106	2,254	2,029	-3.7%	56%
Mobile MRI Svcs – Hendersonville	0.17	0	0	1,045	NC	174%
Outpatient Imaging Center at HMC	1	1,669	1,698	1,711	2.5%	48%
Portland Diagnostic Center (mobile)	0.17	312	326	336	7.7%	56%
Southern Sports Med Inst.	1	638	332	275	-56.7%	8%
Sumner Regional Med Center	1	3,046	2,795	2,846	-6.6%	79%
TriStar Hendersonville Med Center	1	2,741	2,939	2,908	6.1%	81%
<b>TOTAL</b>	<b>5.34</b>	<b>10,512</b>	<b>10,344</b>	<b>11,150</b>	<b>6.1%</b>	<b>58%</b>

Source: Medical Equipment Registry: [www.tn.gov](http://www.tn.gov); Notes: Fixed MRI capacity = 3,600 procedures. For mobile units, capacity = 600 procedures, or 1/6. Overall capacity is based on 5.34 fixed MRI units.

When adjusting capacity on the basis of days of operation, the Sumner County MRI providers operated at 58 percent of effective capacity in 2016, the most recent reporting year. Since the mobile MRI units in Hendersonville and Portland operate one day per week, their effective full-time equivalent unit were each 1/6, for a collective 5.34 fixed MRI units in calculating the overall utilization rate.



This proposed project involves the acquisition of the Southern Sports Medicine Institute MRI, and the replacement of that MRI unit with the applicant's new MRI unit. This physician office-based imaging center was the utilization outlier, operated at eight (8) percent capacity in 2016. **This proposed project does not add an MRI unit to the statewide inventory.** Without this unit, the remaining Sumner County providers of MRI services operated at 70 percent capacity in 2016.

The MRI volumes for the proposed project is based on the redirection of existing utilization at other MTI imaging centers to MTI-Gallatin on the basis of improved access, better continuity of patient care and greater convenience for the patient. The service area population is projected to grow by 8.7 percent through 2022, and the senior (age 65+) population by 24.0 percent. Demand for the services of Sumner County MRI providers has increased over the past three reporting years and can be expected to continue to increase over the next five years.

## CT Need Methodology and Results

### Background

There are no specific guidelines for CT services in the State Health Plan. However, the need for CT services at MTI-Gallatin is very similar to the methodology presented for MRI services.

### MTI-Gallatin Utilization Projections

The following exhibit profiles MTI-Gallatin's historical and projected volume assumptions based on population growth alone:

**MTI Imaging Centers: CT Procedures by Patient Zip Code, 2017-2022**

ZIP Code	City	Actual CY2017	Pop. Growth	Projected CY2022
37022	Bethpage	119	4.4%	124.2
37031	Castalian Springs	112	7.0%	120.0
37048	Cottontown	238	6.9%	254.4
37066	Gallatin	1,352	10.1%	1,488.6
37075	Hendersonville	2,345	10.0%	2,579.5
37077	Hendersonville	24	10.0%	26.4
37119	Mitchellville	0	5.6%	0
37148	Portland	474	5.6%	500.5
37186	Westmoreland	120	4.0%	124.8
	<b>TOTAL</b>	<b>4,784</b>		<b>5,218.4</b>

Sources: 2017 MTI records; 2022 projections incorporate ESRI zip-level total (all ages) population growth

The preceding table shows actual CT procedures performed by MTI imaging centers on patients from these nine service area zip codes. The Projected 2022 procedures are derived through population growth forecasted for each zip code for the total population (all ages).

Through population projections for the service area and internal MTI redirection rates, MTI-Gallatin will be able to achieve the following volumes for 2019-2022 (project Years 1-4, respectively):

**MTI-Gallatin CT Procedure Projections**

<b>Service Area</b>	<b>Base 2017</b>	<b>Interim 2018</b>	<b>Year 1 (2019)</b>	<b>Year 2 (2020)</b>	<b>Year 3 (2021)</b>	<b>Year 4 (2022)</b>
MTI Procedures – with Svc Area Pop Growth	4,784	4,871	4,958	5,044	5,131	5,218
Internal Redirection Rate			65%	70%	70%	70%
Total Within Service Area			3,223	3,531	3,592	3,653
Outside Svc Area, +5%			161	177	180	183
<b>TOTAL, MTI-Gallatin</b>			<b>3,384</b>	<b>3,708</b>	<b>3,772</b>	<b>3,836</b>

Note: MTI annual procedures are interpolated from preceding table

MTI-Gallatin achieves its CT procedures from:

- existing MTI patient referral patterns,
- patient redirections from existing MTI imaging centers to this more convenient site (but at a rate lower than for MRI due to a fixed CT in Hendersonville),
- service area population growth using the growth rates from the total population (all ages) and
- 5% in-migration from outside the nine zip code service area.

MTI-Gallatin does not rely upon the following additional factors:

- redirecting patients from other area imaging providers and
- service area population growth using much higher rates from seniors (age 65+).

In fact, MTI-Gallatin's 2022 CT procedure projection is still 948 procedures less (19.8 percent less) than what all MTI facilities served from the nine zip codes in 2017.

**Area MRI Provider Utilization Projections**

Since MTI-Gallatin is projected to serve fewer CT patients than MTI facilities served in 2017, it cannot have an adverse impact on other service area CT providers. In fact, service area population growth is sufficient for existing and underutilized CT providers to achieve higher volumes as well.

MTI-Gallatin obtains its CT procedures from existing referral patterns and patient redirections from existing MTI imaging centers to this more convenient site. The impact of the proposed project on existing CT providers is minimal.

**Historical Utilization: Existing CT Providers in Sumner County**

<b>Provider</b>	<b>Units</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>	<b>Growth</b>	<b>2016 Capacity</b>
Diagnostic Center, Sumner Station	1	2,529	1,857	3,073	21.5%	51%
Outpatient Imaging Center at HMC	1	957	73	0	NC	--
Portland Diagnostic Center	1	340	419	3,020	788%	50%
Premier Radiology Hendersonville	1	2,299	3,141	4,503	95.9%	75%
Sumner Regional Med Center	2	14,485	16,614	17,726	22.4%	148%
TriStar Hendersonville Med Center	2	14,886	16,352	17,267	16.0%	144%
Urology Associates, PC	1	403	292	379	-6.0%	6%
<b>TOTAL</b>	<b>9</b>	<b>35,899</b>	<b>38,748</b>	<b>45,968</b>	<b>28.0%</b>	<b>85%</b>

Source: Medical Equipment Registry: [www.tn.gov](http://www.tn.gov); Capacity = 6,000 px per unit.

Based on the most recent year of data, there are nine CT units in Sumner County. In 2016, these nine CT units accounted for 45,968 procedures or 5,108 procedures per unit. Using a typical industry

capacity guideline of 6,000 procedures per unit, these CT scanners operated at 85 percent capacity, even with one provider having unreported data and another physician-based practice operating at six (6) percent capacity. When looking at the remaining full-service CT units, the utilization levels were 108 percent of effective capacity, collectively.

Existing CT providers are generally well-utilized and MTI does not expect that its Gallatin CT service will have an adverse impact on any existing unit.

The MRI volumes for the proposed project is based on the redirection of existing utilization at other MTI imaging centers to MTI-Gallatin on the basis of improved access, better continuity of patient care and greater convenience for the patient. The service area population is projected to grow by 8.7 percent through 2022, and the senior (age 65+) population by 24.0 percent. Demand for the services of Sumner County CT providers has increased over the past three reporting years and can be expected to continue to increase over the next five years.

### **MRI & CT Summary and Conclusions**

In summary, MTI's proposal to develop an ODC and establish MRI and CT services at the MTI-Gallatin site will have a positive impact on the delivery of high tech imaging services for the residents of Sumner County and the nine zip code service area. MTI's project will increase the availability of MRI and CT services as well as improve access to these services for existing MTI imaging patients. MTI will be able to achieve sufficient volumes to meet HDSA's guidelines by redirecting a portion of its existing patient population MTI-Gallatin. In addition, strong population growth that has been projected for the service area will also result in no adverse impact on other providers. In fact, the proposed project does not add any MRI units into the service area inventory of equipment.

### **CON-Exempt Imaging Services**

Though exact calculations are not provided for CON-exempt x-ray, mammography and ultrasound services at the Saint Thomas Medical Partners - Gallatin Care Center, the methodology used is similar to the approach taken for MRI and CT.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

**RESPONSE:** MTI's long-range plan is to assure the availability in Middle Tennessee of cost-effective outpatient imaging services in patient-friendly, dedicated facilities. MTI believes that a network of such facilities operated and managed in a coordinated fashion will result in the optimum use of resources and will be a key component in future models of health care that contemplate broad provider integration. MTI works with Saint Thomas Health and the Saint Thomas Medical Group to provide patient care close to home and in a lower cost setting (compared to a hospital) when practical.

This project is also consistent with the Five Principles for Achieving Better Health as articulated in the State Health Plan.

1. **Healthy Lives.** This project will improve the health of Tennesseans by expanding access to MRI and CT services.
  2. **Access to Care.** This project will improve access to MRI and CT services in a high population growth area with increasing traffic problems.
  3. **Economic Efficiencies.** At a cost of only \$475,000, MTI's proposed 1.5T GE MRI unit represents very affordable and high quality technology. Similarly, MTI's 16-slice CT scanner is a very affordable \$205,000.
  4. **Quality of Care.** MTI's proposed 1.5T GE MRI unit and 16-slice GE CT unit represent very affordable and high quality technology.
  5. **Health Care Workforce.** Only eight FTEs (five clinical) are needed to implement the project.
- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable.

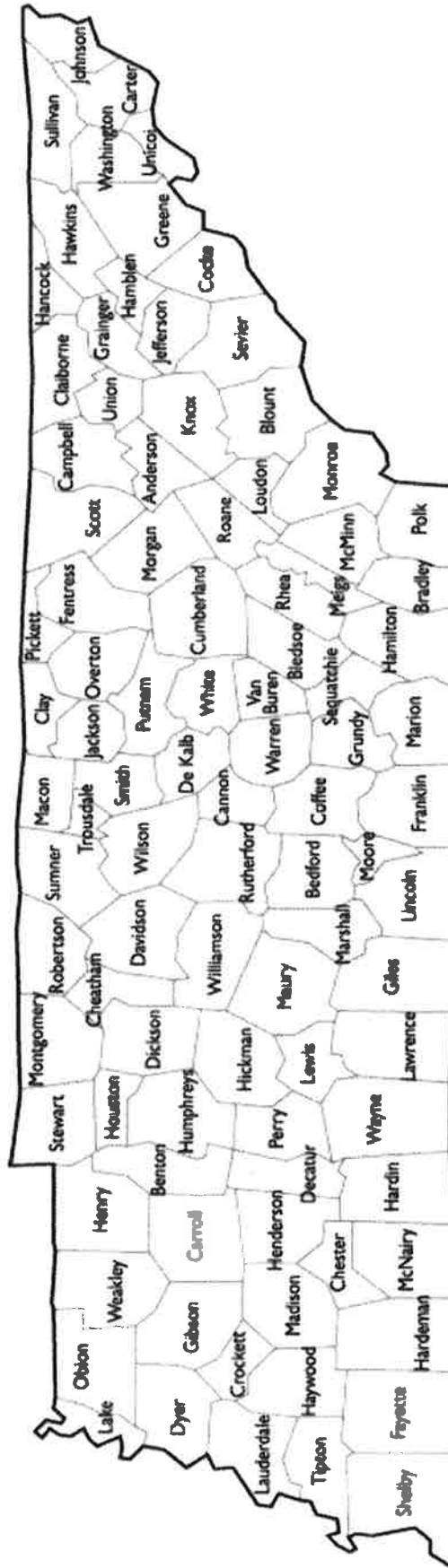
Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total procedures
County #1	Not Applicable	
County #2		
Etc.		
Total		100%

Service Area Counties	Projected Utilization-MRI and CT (Year 2)	% of total procedures
Sumner	6,445	95%
Other	323	5%
Total	6,768	100%

**RESPONSE:** MTI-Gallatin's service area for this project is nine zip codes in Sumner County. This area represents approximately 95 percent of MTI-Gallatin's MRI and CT procedures. See the service area map in **Attachments, Tab 9 and Tab 13.**

## County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

**RESPONSE:** MTI-Gallatin's service area has an estimated 2017 population of 167,452. From 2017 to 2022, the overall service area will grow by approximately 14,527 residents, an 8.7 percent growth rate, reaching 181,979 total residents. Please see the following analysis.

**Projected 2017-2022 Total Population Growth**

ZIP Code	City	Total Population		Growth
		2017	2022	
37022	Bethpage	5,593	5,840	4.4%
37031	Castalian Springs	4,059	4,342	7.0%
37048	Cottontown	5,854	6,260	6.9%
37066	Gallatin	50,311	55,411	10.1%
37075	Hendersonville	68,033	74,804	10.0%
37077	Hendersonville	Included in 37075		
37119	Mitchellville	Included in 37148		
37148	Portland	23,762	25,087	5.6%
37186	Westmoreland	9,840	10,235	4.0%
	<b>TOTAL</b>	<b>167,452</b>	<b>181,979</b>	<b>8.7%</b>

Source: ESRI.

The senior population (65 years of age and older) in the service area is growing at an even faster rate than the total population. The growth in the senior population is significant given that seniors utilize healthcare resources (including imaging services such as MRI and CT) at a higher rate than younger age groups. Projections indicate that between 2017 and 2022, the senior population will grow from 26,503 residents to 32,870 residents, an increase of 6,367 seniors, representing a 24.0 percent annual increase. Moreover, seniors will account for nearly 44 percent of the service area's population growth between 2017 and 2022.

**Projected 2017-2022 Age 65+ Population**

ZIP Code	City	Age 65+ Population		Growth
		2017	2022	
37022	Bethpage	886	1,118	26.2%
37031	Castalian Springs	612	789	28.9%
37048	Cottontown	934	1,231	31.8%
37066	Gallatin	8,603	10,716	24.6%
37075	Hendersonville	10,782	13,439	24.6%
37077	Hendersonville	Included in 37075		
37119	Mitchellville	Included in 37148		
37148	Portland	3,217	3,803	18.2%
37186	Westmoreland	1,469	1,774	20.8%
	<b>TOTAL</b>	<b>26,503</b>	<b>32,870</b>	<b>24.0%</b>

Source: ESRI.

These tables have been used to project observed patient volumes of MTI facilities in the greater Nashville area for the MTI-Gallatin site. For Certificate of Need purposes, current year population is 2018 and the Horizon Year for this proposed project is 2022. Total Population and Age 65+ population data for these years are presented in **Attachments, Tab 14**, Population Table form for Section B, Need, D(1)(b).

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
County A													
County B, etc.													
Service Area Total													
State of TN Total													

*\* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

**RESPONSE:** Please see **Attachments, Tab 14** to view the completed table.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**RESPONSE:** MTI provides services without regard to gender, race, socio-economic status, or ability to pay, and participates in the Medicare and TennCare programs. See **Attachments, Tab 15** for Financial Assistance and Non-Discrimination Policies of Saint Thomas Health.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**RESPONSE:** See need section, above, for detailed MRI and CT utilization rates.

When adjusting capacity on the basis of days of operation, the Sumner County MRI providers operated at 58 percent of effective capacity in 2016, the most recent reporting year. Since the mobile MRI units in Hendersonville and Portland operate one day per week, their effective full-time equivalent unit were each 1/6, for a collective 5.34 fixed MRI units in calculating the overall utilization rate.

This proposed project involves the acquisition of the Southern Sports Medicine Institute MRI, and the replacement of that MRI unit with the applicant's new MRI unit. This physician office-based imaging center was the utilization outlier, operated at eight (8) percent capacity in 2016. **This proposed project does not add an MRI unit to the statewide inventory.** Without this unit, the remaining Sumner County providers of MRI services operated at 70 percent capacity in 2016.

Based on the most recent year of data, there are nine CT units in Sumner County. In 2016, these nine CT units accounted for 45,968 procedures or 5,108 procedures per unit. Using a typical industry capacity guideline of 6,000 procedures per unit, these CT scanners operated at 85 percent capacity, even with one provider having unreported data and another physician-based practice operating at six (6) percent capacity. When looking at the remaining full-service CT units, the utilization levels were 108 percent of effective capacity, collectively.

As a full-service ODC, the MTI-Gallatin imaging center requires a complete array of imaging modalities to meet the clinical needs of the healthcare providers at Saint Thomas Medical Partners - Gallatin Care Center and providers in the community.

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The proposed project is for a new facility in Gallatin, TN. Therefore, there are no historical utilization statistics for this facility. As described fully in the need section, above, MTI-Gallatin is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of I-65. By redirecting only a portion of these existing patients to MTI-Gallatin, 2,821 MRI procedures are projected in Year 1 and 3,060 in Year 2. With a capacity of 3,600 procedures per MRI unit per year, this equates to 78.4 percent utilization in Year 1 and 85.0 percent in Year 2.

By redirecting an even smaller portion of existing CT patients to MTI-Gallatin, 3,384 CT procedures are projected in Year 1 and 3,708 in Year 2. With a capacity of 6,000 procedures per CT unit per year, this equates to 56.4 percent utilization in Year 1 and 61.8 percent in Year 2.



## **SECTION B: ECONOMIC FEASIBILITY**

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

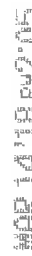
1. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
2. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
3. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
4. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
5. For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
  - a) A general description of the project;
  - b) An estimate of the cost to construct the project;
  - c) A description of the status of the site's suitability for the proposed project; and
  - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

**RESPONSE:** Project costs include space lease costs with rate escalations for 6,020 rentable square feet over the initial 10-year term. The MRI and CT equipment will be purchased used, as opposed to new. The specific pieces of equipment will depend upon the available inventory after Agency approval. There are no service contract costs anticipated. Per MTI policy, all maintenance required will be funded through operations as needed.

Please see the vendor quotations for the equipment to be purchased in **Attachments, Tab 10**.

Please see **Attachments, Tab 16** for the attestation letter supporting the construction costs.

## PROJECT COST CHART



A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		<u>\$ 100,000</u>
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		<u>100,000</u>
3. Acquisition of Site		<u></u>
4. Preparation of Site		<u></u>
5. Total Construction Costs (Net of T.I.A.)		<u>774,000</u>
6. Contingency Fund		<u></u>
7. Fixed Equipment (Not included in Construction Contract)		<u>1,665,042</u>
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments: C-Arm \$65,000; U/S \$55,000)		<u>120,000</u>
9. Other (Specify) <u>Furniture</u>		<u>50,000</u>
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)		<u>2,563,248</u>
2. Building only		<u></u>
3. Land only		<u></u>
4. Equipment (Specify) _____		<u></u>
5. Other (Specify) _____		<u></u>
C. Financing Costs and Fees:		
1. Interim Financing		<u>35,113</u>
2. Underwriting Costs		<u></u>
3. Reserve for One Year's Debt Service		<u>636,121</u>
4. Other (Specify) _____		<u></u>
D. Estimated Project Cost (A+B+C)		<u>6,043,524</u>
E. CON Filing Fee		<u>34,751</u>
F. Total Estimated Project Cost (D+E)	<b>TOTAL</b>	<u><b>\$6,078,275</b></u>

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding *MUST* be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment B, Economic Feasibility-2, Tab 17.)**

- ☒ 1. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4. Grants – Notification of intent form for grant application or notice of grant award;
- ☐ 5. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6. Other – Identify and document funding from all other sources.

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

**RESPONSE:** Not applicable. MTI-Gallatin is a new facility.

## HISTORICAL DATA CHART

☐ Total Facility  
☐ Project Only
**Not Applicable – New Facility**

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in \_\_\_\_\_ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	_____	_____	_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Non-Operating Expenses			
1. Taxes	\$ _____	\$ _____	\$ _____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
<b>Total Non-Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

Chart Continues On to Next Page

**NET INCOME (LOSS)**

\$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**G. Other Deductions**

1. Annual Principal Debt Repayment \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

2. Annual Capital Expenditure \_\_\_\_\_

**Total Other Deductions** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_**NET BALANCE** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_**DEPRECIATION** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_**FREE CASH FLOW (Net Balance + Depreciation)** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_☐ Total Facility☐ Project Only**HISTORICAL DATA CHART-OTHER EXPENSES****OTHER EXPENSES CATEGORIES**

	<b>Year _____</b>	<b>Year _____</b>	<b>Year _____</b>
1. <u>Professional Services Contract</u>	\$ _____	\$ _____	\$ _____
2. <u>Contract Labor</u>	_____	_____	_____
3. <u>Imaging Interpretation Fees</u>	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

**RESPONSE:** Please refer to the completed charts on the following pages.

The Projected Data Chart reflects operations for the entire proposed imaging center.

Regarding the Fees to Affiliates (Line D.8.a), these represent the Management Fees paid to PhyData, LLC, under the Amended Administrative Services Agreement.

PhyData, LLC (in addition to the Administrative Services Agreement) also has a separate Billing Services Agreement with MTI. PhyData is paid 4.5% of Net Global Collections.

PhyData, LLC is the only Billing Service utilized. There is not a second, outsourced Collection Agency referenced. We realize the description may be somewhat misleading.

## PROJECTED DATA CHART

X Total Facility

☐ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2019</u>	Year <u>2020</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>17,308 scans</u>	<u>18,815 scans</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>                    </u>	\$ <u>                    </u>
2. Outpatient Services	<u>13,630,575</u>	<u>14,825,817</u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b>\$ <u>13,630,575</u></b>	<b>\$ <u>14,825,817</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>9,814,014</u>	\$ <u>10,674,588</u>
2. Provision for Charity Care	<u>81,783</u>	<u>88,955</u>
3. Provisions for Bad Debt	<u>381,656</u>	<u>415,123</u>
<b>Total Deductions</b>	<b>\$ <u>10,277,453</u></b>	<b>\$ <u>11,178,666</u></b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>3,353,122</u></b>	<b>\$ <u>3,647,151</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>480,000</u>	<u>494,400</u>
a. Direct Patient Care	<u>134,400</u>	<u>138,432</u>
b. Non-Patient Care	<u>                    </u>	<u>                    </u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>193,140</u>	<u>210,076</u>
4. Rent		
a. Paid to Affiliates	<u>242,064</u>	<u>245,108</u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
5. Management Fees:		
a. Paid to Affiliates	<u>54,321</u>	<u>59,084</u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
6. Other Operating Expenses	<u>1,561,577</u>	<u>1,696,287</u>
<b>Total Operating Expenses</b>	<b>\$ <u>2,665,502</u></b>	<b>\$ <u>2,843,387</u></b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b>\$ <u>687,620</u></b>	<b>\$ <u>803,764</u></b>
F. Non-Operating Expenses		
1. Taxes	\$ <u>30,000</u>	\$ <u>33,000</u>
2. Depreciation	<u>951,551</u>	<u>351,551</u>
3. Interest	<u>                    </u>	<u>                    </u>
4. Other Non-Operating Expenses	<u>                    </u>	<u>                    </u>
<b>Total Non-Operating Expenses</b>	<b>\$ <u>981,551</u></b>	<b>\$ <u>384,551</u></b>
<b>NET INCOME (LOSS)</b>	<b>\$ <u>(293,931)</u></b>	<b>\$ <u>419,213</u></b>

Chart Continues Onto Next Page

<b>NET INCOME (LOSS)</b>	\$ <u>(293,931)</u>	\$ <u>419,213</u>
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$ <u>636,121</u>	\$ <u>636,121</u>
2. Annual Capital Expenditure		
<b>Total Other Deductions</b>	\$ <u>636,121</u>	\$ <u>636,121</u>
<b>NET BALANCE</b>	\$ <u>(930,052)</u>	\$ <u>(216,908)</u>
<b>DEPRECIATION</b>	\$ <u>951,551</u>	\$ <u>351,551</u>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	\$ <u>21,499</u>	\$ <u>134,643</u>

☒ Total Facility

☐ Project Only

### PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 2019</u>	<u>Year 2020</u>
1. <u>Professional Services Contract</u>	\$ <u>48,285</u>	\$ <u>52,519</u>
2. <u>Contract Labor</u>		
3. <u>Imaging Interpretation Fees</u>	<u>938,874</u>	<u>1,021,202</u>
4. <u>Billing &amp; Collection Fees</u>	<u>150,890</u>	<u>164,122</u>
5. <u>Repairs &amp; Maintenance</u>	<u>168,997</u>	<u>183,816</u>
6. <u>Transport/Meals &amp; Entertainment</u>	<u>12,071</u>	<u>13,130</u>
7. <u>IT, Ins., Telecom &amp; Utilities</u>	<u>242,460</u>	<u>261,498</u>
<b>Total Other Expenses</b>	<b>\$ <u>1,561,577</u></b>	<b>\$ <u>1,696,287</u></b>



- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
<b>Gross Charge</b> ( <i>Gross Operating Revenue/Utilization Data</i> )	N/A	N/A	\$788	\$788	0.0%
<b>Deduction from Revenue</b> ( <i>Total Deductions/Utilization Data</i> )	N/A	N/A	\$594	\$594	0.0%
<b>Average Net Charge</b> ( <i>Net Operating Revenue/Utilization Data</i> )	N/A	N/A	\$194	\$194	0.0%

2. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

**RESPONSE:** The charges for services in the proposed ODC facility will be the same as the current charges at MTI's other ODCs. There is no increase anticipated for year one of the project. The net operating income from the project in the first and second year is expected to be -\$293,931 and \$419,213, respectively. Representative charges for the highest volume CPT codes at this facility are as follows:

CPT Code	Procedure Description	Charge	Medicare Reimbursement
70553	MRI, Brain w & w/o Contrast	\$2,933.48	\$353.52
72148	MRI, Lumbar w/o Contrast	\$1,888.45	\$210.54
72141	MRI, Spine w/o Contrast	\$1,888.45	\$210.54
73721	MRI, Lower Extremity w/o Contrast	\$2,007.91	\$221.75

3. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** A comparison of the applicant's proposed charges with the Medicare allowable reimbursement is included in the table above.

For the most part, professional fees for MRI interpretation services by MTI's radiologists will be reimbursed by the applicant because most studies will be globally billed by MTI. In cases where it is required by law or contract that the professional services are billed separately, the radiologists will bill for their own services and MTI will bill for the technical component of the MRI study only. In cases where split billing is performed, the professional services agreement requires that the radiology group participate with all insurance plans that MTI accepts.

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

**RESPONSE:** MTI's services proposed in this project are similar to MTI's highly utilized services in its other existing ODCs. As described fully in the need section, above, MTI-Gallatin is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of I-65. By redirecting only a portion of these existing patients to MTI-Gallatin, 2,821 MRI procedures are projected in Year 1 and 3,060 in Year 2. With a capacity of 3,600 procedures per MRI unit per year, this equates to 78.4 percent utilization in Year 1 and 85.0 percent in Year 2.

By redirecting an even smaller portion of existing CT patients to MTI-Gallatin, 3,384 CT procedures are projected in Year 1 and 3,708 in Year 2. With a capacity of 6,000 procedures per CT unit per year, this equates to 56.4 percent utilization in Year 1 and 61.8 percent in Year 2.

As indicated in the Projected Data Chart, projected utilization will be sufficient to continue to allow MTI to operate efficiently and effectively.

See also **Attachments, Tab 18** for 2016 Audited Financial Statements and 2017 internal income statements.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	20.5%	22.0%

3. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

**RESPONSE:** MTI's capitalization ratio is 55.0% from the FY2016 audited financial statements. This was calculated from:

Notes payable, net of current position = \$7,867,376 (55.0% of TOTAL)

Members' equity = \$6,446,068

TOTAL = \$14,313,444

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$ 2,589,809	19.0%
TennCare/Medicaid	612,013	4.5%
Commercial/Other Managed Care	9,681,797	71.0%
Self-Pay	267,160	2.0%
Charity Care	81,783	0.6%
Other (Specify) <u>Champus &amp; Other</u>	398,013	2.9%
Total	\$ 13,630,575	100.0%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
<b>a) Direct Patient Care Positions</b>				
<i>MRI Tech</i>	0.0	1.0	\$ 75,000	\$ 55,560
<i>CT Tech</i>	0.0	1.0	\$ 75,000	\$ 55,560
<i>Rad Tech</i>	0.0	3.0	\$ 75,000	\$ 55,560
<b>Total Direct Patient</b>	0.0	5.0		

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
<b>Care Positions</b>				
<b>b) Non-Patient Care Positions</b>				
<i>Medical Asst/Front Desk</i>	0.0	3.0	\$ 35,000	\$ 31,980
<i>Position 2</i>				
<i>Position "etc."</i>				
<b>Total Non-Patient Care Positions</b>	0.0	3.0		
<b>Total Employees (A+B)</b>	0.0	8.0		
<b>c) Contractual Staff</b>	0.0	0.0		
<b>Total Staff (A+B+C)</b>	0.0	8.0		

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

**RESPONSE:** MTI currently operates 15 fixed site diagnostic imaging center locations in the metro Nashville area. The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. As documented previously in this application, service area ODC providers of MRI and CT services have experienced rapid growth in utilization over the past three reporting years. Demand for ODC MRI and CT services is expected to continue to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

Furthermore, both the Saint Thomas Medical Partners - Gallatin Care Center and MTI's Gallatin site were selected to deliver patient care closer to where patients live. The Gallatin area is in a high growth area northeast of Nashville and east of I-65. Traffic between Gallatin and downtown Nashville is a growing concern, causing access issues to existing providers.

At a cost of only \$475,000, MTI's proposed previously-owned 1.5T GE MRI unit represents very affordable and high quality technology. Similarly, at a cost of only \$205,000, MTI's proposed previously-owned 16-slice GE CT unit also represents very affordable and high quality technology.

This project is necessary to improve access to quality and cost-effective outpatient imaging services.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

**RESPONSE:** MTI-Gallatin's leased space within the Saint Thomas Medical Partners - Gallatin Care Center is designed to accommodate both an MRI unit and a CT unit, as well as other supporting imaging services.

## **SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

**RESPONSE:** MTI is the imaging partner of Saint Thomas Health and Saint Thomas Medical Partners. This healthcare system includes a continuum of hospital, physician and other healthcare resources. See also **Attachments, Tab 19** for a list of managed care contract participation by Saint Thomas Health and MTI.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

### 1) Positive Effects

**RESPONSE:** MTI currently operates 15 fixed site diagnostic imaging center locations in the metro Nashville area. The proposed MTI-Gallatin ODC is projected to serve MTI's existing patients from nine zip codes in Sumner County, east of Interstate 65. As documented previously in this application, service area ODC providers of MRI and CT services have experienced rapid growth in utilization over the past three reporting years. Demand for ODC MRI and CT services is expected to continue to grow as the service area population increases and reimbursement plans continue to shift a greater portion of healthcare costs to the patient. ODCs are not reimbursed at higher hospital outpatient department (HOPD) rates, so patient deductibles and co-pays are less in the ODC setting.

Furthermore, both the Saint Thomas Medical Partners - Gallatin Care Center and MTI's Gallatin site were selected to deliver patient care closer to where patients live. The Gallatin area is in a high growth area northeast of Nashville and east of I-65. Traffic between Gallatin and downtown Nashville is a growing concern, causing access issues to existing providers.

Upon project implementation, MTI will purchase and decommission the existing Sumner County MRI unit of an affiliated physician at Southern Sports Medicine Institute, PLLC. Thus, the proposed project will have a "net neutral" impact on the supply of MRI units in Sumner County. At a cost of only \$475,000, MTI's proposed previously-owned 1.5T GE MRI unit represents very affordable and high quality technology. Similarly, at a cost of only \$205,000, MTI's proposed previously-owned 16-slice GE CT unit also represents very affordable and high quality technology.

This project is necessary to improve access to quality and cost-effective outpatient imaging services.

### 2) Negative Effects

**Response:** Negative effects on patients and payors are expected to be minimal, if there are any at all. Population growth in the service area is expected to increase the utilization of existing MRI and CT providers in the service area. MTI will be able to achieve sufficient volumes to meet HDSA's guidelines by redirecting a portion of its existing patient population to MTI-Gallatin. In fact, the proposed project does not add any MRI units into the service area inventory of equipment.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

**RESPONSE:** Staffing requirements are minimal, just 8.0 FTEs (5.0 clinical). A number of channels are utilized by MTI to recruit and maintain staffing, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. MTI has a history of successfully recruiting professional and administrative staff. It provides competitive benefits, compensation, and is committed to the retention of existing personnel.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

**RESPONSE:** MTI has reviewed and understands the licensure and certification requirements for medical and clinical staff for this facility. As an existing licensed and ACR-accredited provider, MTI has administrative policies and procedures in place to ensure that licensure and certification requirements are followed in this facility. Furthermore, MTI maintains quality standards that are focused on continual improvement.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**RESPONSE:** The applicant is not currently involved in training programs, but is willing to consider this under the auspices of an appropriate educated institution.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

**Response:** The applicant will pursue licensure, certification and accreditation from the following entities for MTI-Gallatin, in the same fashion as other MTI imaging centers.

Licensure: **Tennessee Department of Health**

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): **ODC**

Accreditation (i.e., Joint Commission, CARF, etc.): **American College of Radiology**

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

**RESPONSE:** This proposed project is for a new facility. Other MTI facilities are in full compliance with all applicable licensure and accreditation requirements. **Attachment Tab 20** shows accreditation for all of its facilities.

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

**RESPONSE:** Not applicable. This is a new service facility.

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

**Response:** Not applicable, this is a new service facility.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

**RESPONSE:** There have been no state, federal, or accrediting body actions against MTI or any entity or person with more than 5% ownership.

- 2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;
- b) Criminal fines in cases involving a Federal or State health care offense;
- c) Civil monetary penalties in cases involving a Federal or State health care offense;
- d) Administrative monetary penalties in cases involving a Federal or State health care offense;
- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- h) Is presently subject to a corporate integrity agreement.

**RESPONSE:** Neither MTI nor any entity or person with more than 5% ownership have been subject to any of the actions identified above.

## F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
CN1707-021	Saint Thomas Hospital-Rutherford bed expansion	10/25/2017			09/2020

\* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

**Response:** CN1707-021 is in progress.

## G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? Various
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? Various



## **SECTION B: QUALITY MEASURES**

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

**RESPONSE:** Yes, MTI will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required. Additionally, MTI submits a Joint Annual Report (JAR) to the Department of Health and will continue to do so.

MTI will maintain active licensure and accreditation status.

## **SECTION C: STATE HEALTH PLAN QUESTIONS**

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

**RESPONSE:** Among the top 10 leading causes of death for Tennessee residents are cancer and accidents. Imaging services proposed by MTI will help in the treatment of these two leading causes of death plus the morbidity associated with orthopedic and other diseases.

- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

**RESPONSE:** Among the three criteria required to attain good access, as listed in the 2010 National Health Disparities Report, is, "getting access to sites of care where patients can receive needed services." The proposed MRI and CT services at MTI-Gallatin are designed to, among other goals, increase patient accessibility both geographically (population growth and traffic) and financially (lower cost ODC deductibles and co-pays as opposed to HOPD).

- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

**RESPONSE:** Recognizing the benefits of outpatient imaging centers such as MTI-Gallatin, Saint Thomas Health is actively involved in 15 other similar joint ventures with MTI throughout the greater Nashville area.

This strategy remains vital today more than ever, in response to continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment

amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ODCs such as MTI-Gallatin play an important role within the ACO care delivery model for containing costs, promoting quality and increasing accessibility. Freestanding imaging centers are reimbursed at lower rates compared to hospital-based facilities. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

**RESPONSE:** As an existing licensed and accredited provider of quality patient services, without regard to patient gender, ethnicity, geographic location or socioeconomic status, Saint Thomas Health, Saint Thomas Medical Partners and MTI are equitable healthcare providers. This same level of commitment will continue with the proposed ODC expansion.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

**RESPONSE:** While “the state” appears to be the party charged with supporting the development, recruitment, and retention of a sufficient and quality health care workforce, MTI is an existing ODC provider with a history of successful staff recruitment and retention.

## PROOF OF PUBLICATION

**Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.**

## NOTIFICATION REQUIREMENTS

**(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)**

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

## DEVELOPMENT SCHEDULE

**T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.**

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.**

## PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		June 2018
2. Architectural and engineering contract signed	20	July 2018
3. Construction documents approved by the Tennessee Department of Health	30	July 2018
4. Construction contract signed	30	July 2018
5. Building permit secured	60	August 2018
6. Site preparation completed	60	August 2018
7. Building construction commenced	90	September 2018
8. Construction 40% complete	120	October 2018
9. Construction 80% complete	150	November 2018
10. Construction 100% complete (approved for occupancy)	180	December 2018
11. *Issuance of License	210	January 2019
12. *Issuance of Service	210	January 2019
13. Final Architectural Certification of Payment	240	February 2019
14. Final Project Report Form submitted (Form HR0055)	270	March 2019

\*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

**NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date**

**AFFIDAVIT**

STATE OF Tennessee  
 COUNTY OF Davidson

MARK GAW, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Mark A. Gaw / CFO  
 SIGNATURE/TITLE

Sworn to and subscribed before me this 12<sup>th</sup> day of March, 2018 a Notary  
 (Month) (Year)

Public in and for the County/State of Davidson/TN

ELLA HAZARD  
 NOTARY PUBLIC

My commission expires 05/05, 2020  
 (Month/Day) (Year)



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- Tab 2 - Certificate of Corporate Existence
- Tab 3 - Organizational Chart
- Tab 4 - Ownership Identification, 5% or More
- Tab 5 - Management Agreement
- Tab 6 - Site Entitlement
- Tab 7 - Plot Plan
- Tab 8 - Floor Plan
- Tab 9 - Map of Service Area Access
- Tab 10 - Equipment Quotes

### **Attachment/Section B**

- Tab 11 - Hospital Transfer Agreement
- Tab 12 - Radiologist CVs
- Tab 13 - Service Area Map
- Tab 14 - Population Table Form
- Tab 15 - Financial Assistance and Non-Discrimination Policies
- Tab 16 - Construction Costs Verification Letter
- Tab 17 - Verification of Funding
- Tab 18 - Audited Financial Statements
- Tab 19 - Managed Care Contracts
- Tab 20 - Accreditation
- Tab 21 - Facility License
- Tab 22 - Deficiencies/Inspection Report

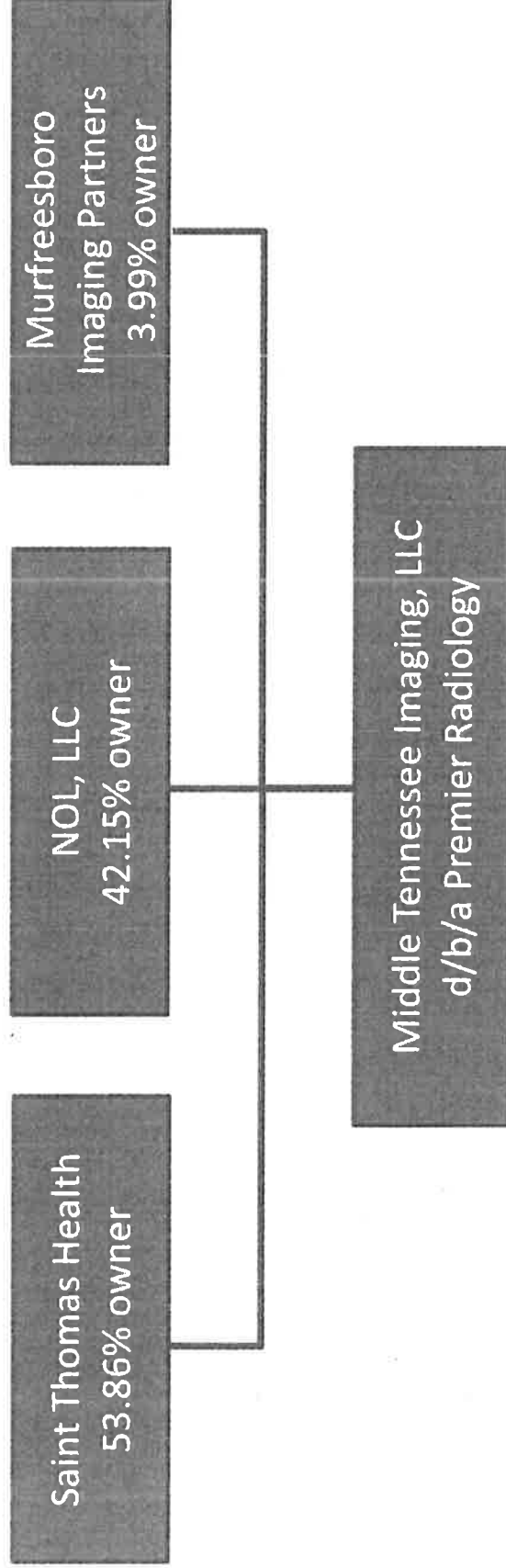
### **Other Attachments**

- Tab 23 - Copy of Published Public Notice
- Tab 24 - Letter of Intent

**Tab 3**

**Organizational Chart  
Attachment A-4, B**

## Middle Tennessee Imaging, LLC Organizational Chart



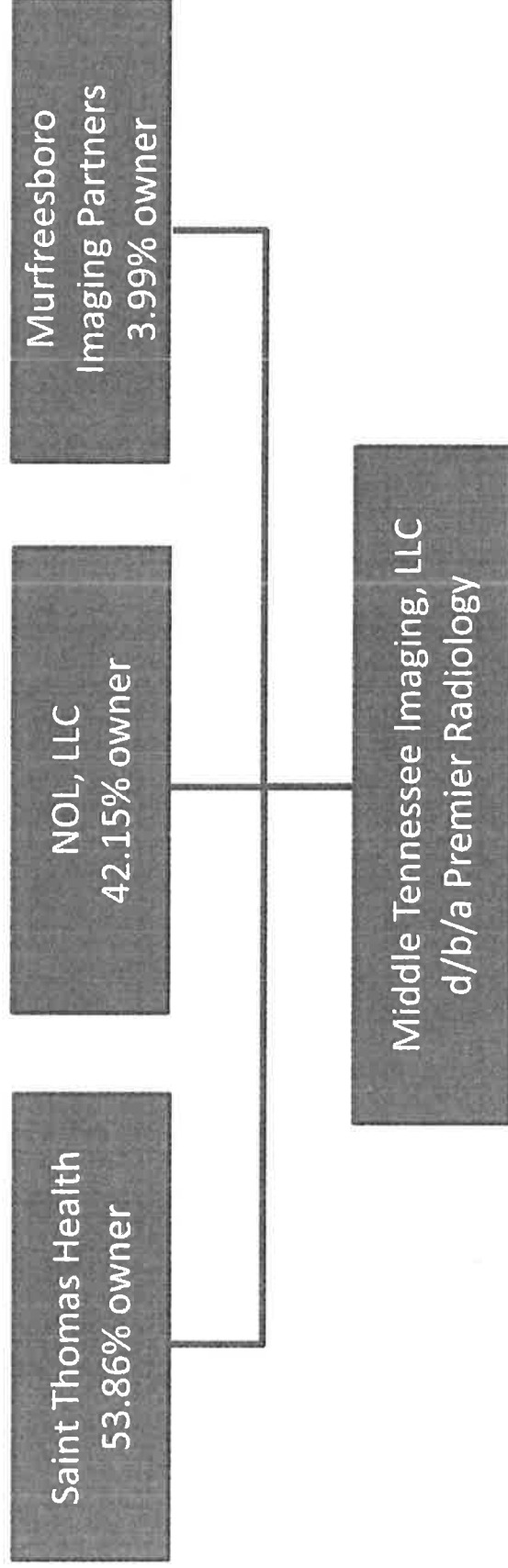
Note: No individual has more than 5% ownership



**Tab 4**

**Ownership Identification, 5% or Greater  
Attachment A-4, B**

## Middle Tennessee Imaging, LLC Organizational Chart

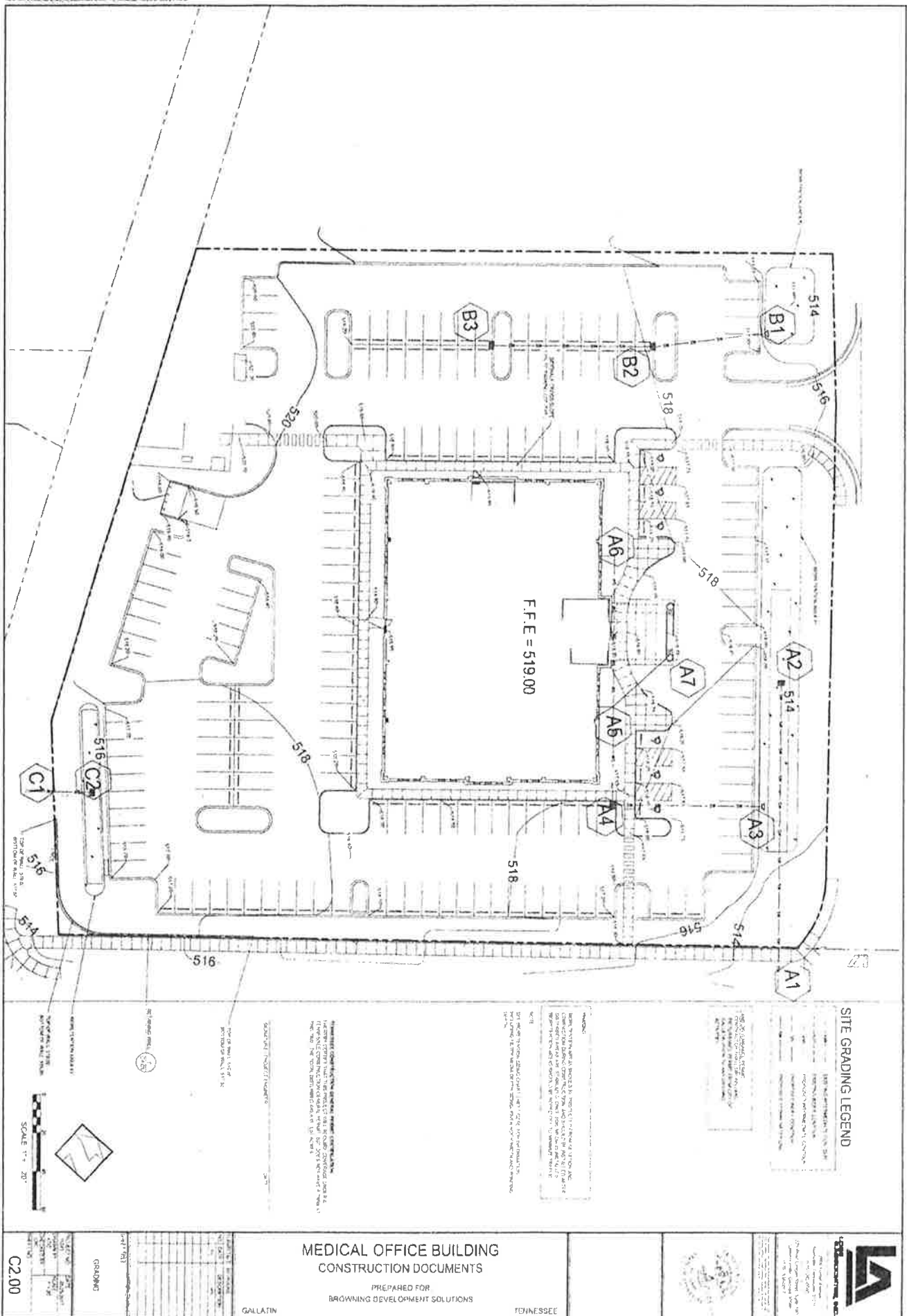


Note: No individual has more than 5% ownership

**Tab 7**

**Plot Plan  
Attachment A-6, B1**

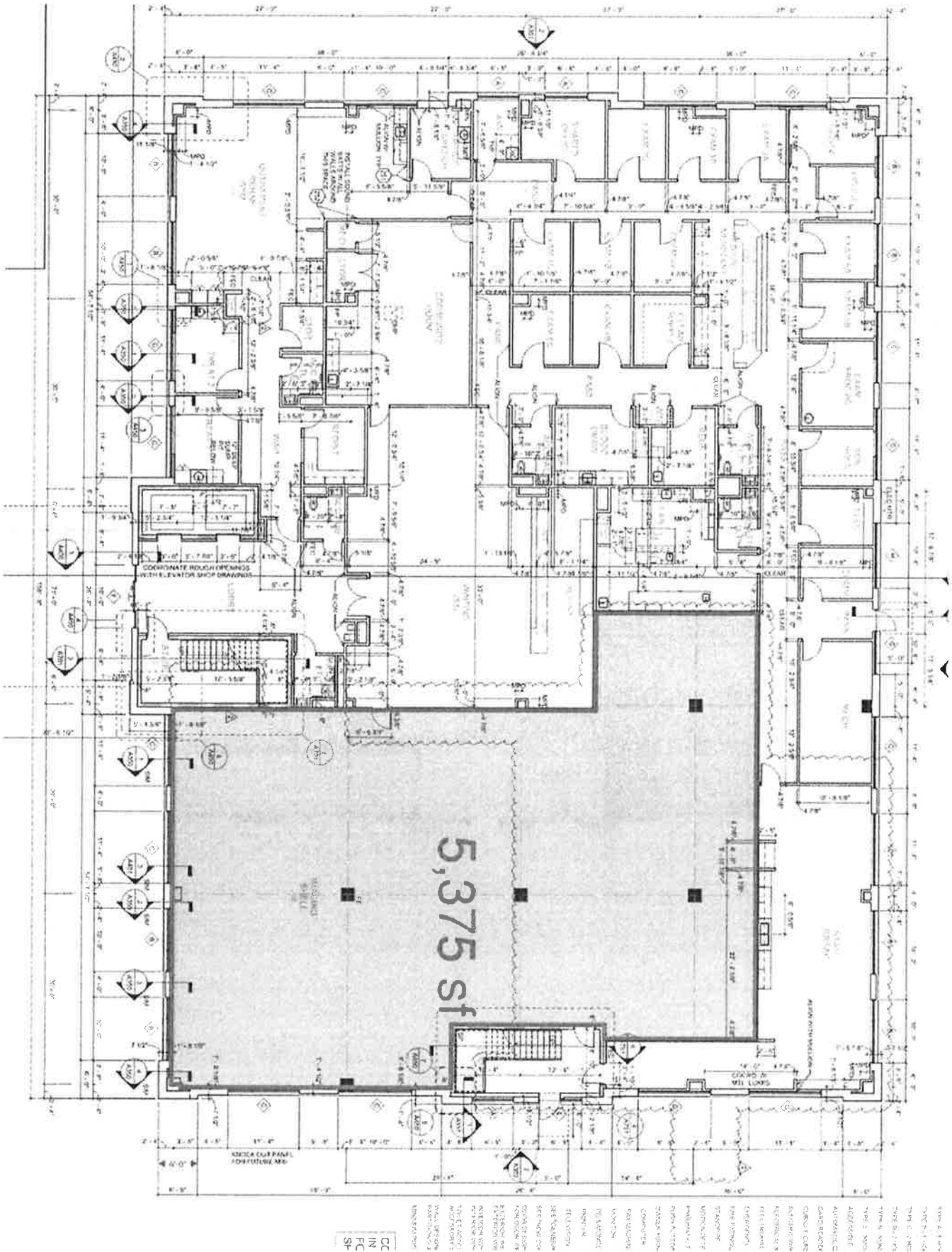


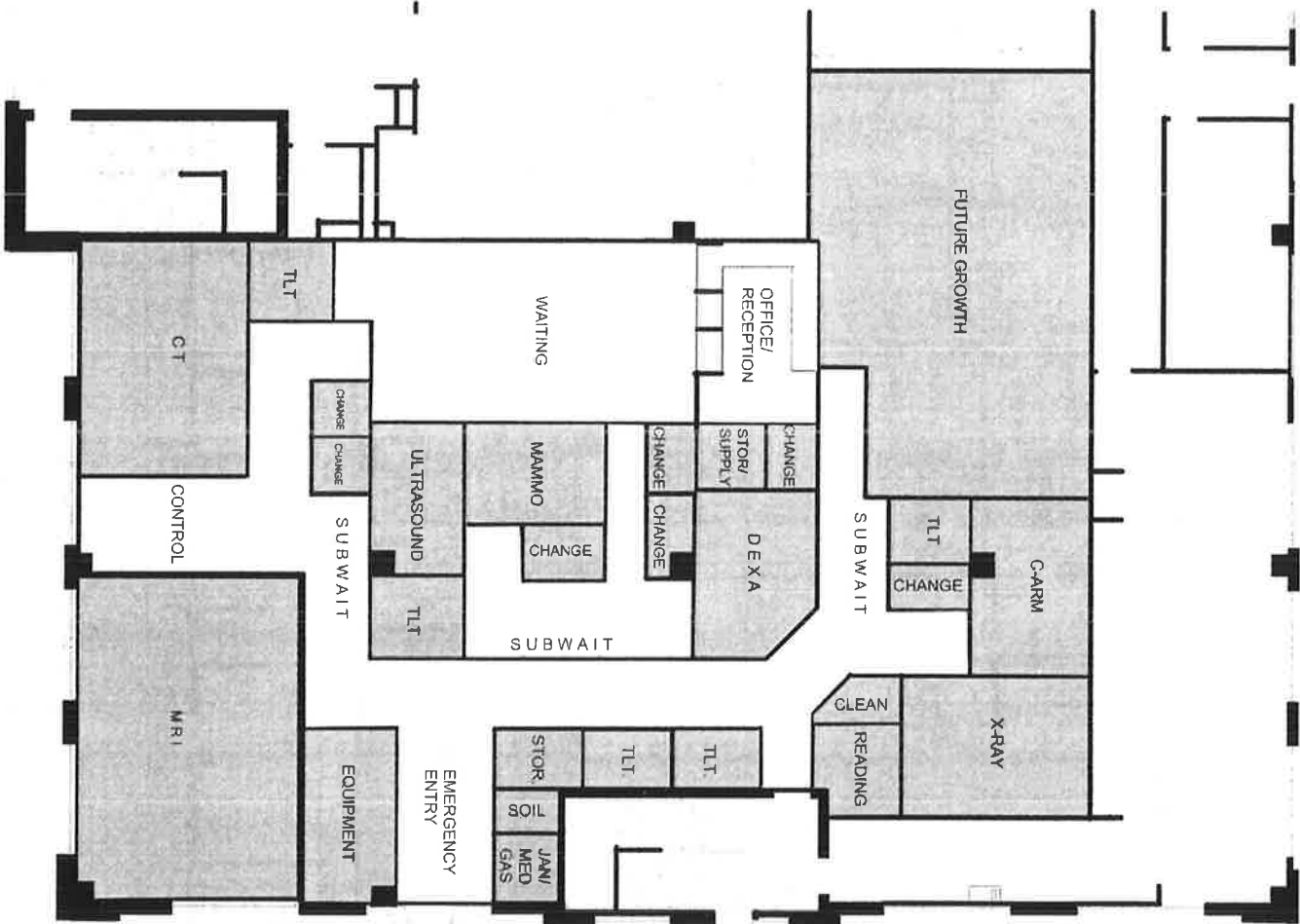


**Tab 8**

**Floor Plan  
Attachment A-6, B2**

# Saint Thomas Health – Gallatin Care Center First Floor Plan with Imaging Center Highlighted





**PREMIER  
RADIOLOGY**  
GALLATIN, TN  
5,375 NET S.F.



**Tab 9**

**Map of Service Area Access  
Attachment A-6, B3**



Business Analyst

Home

Maps

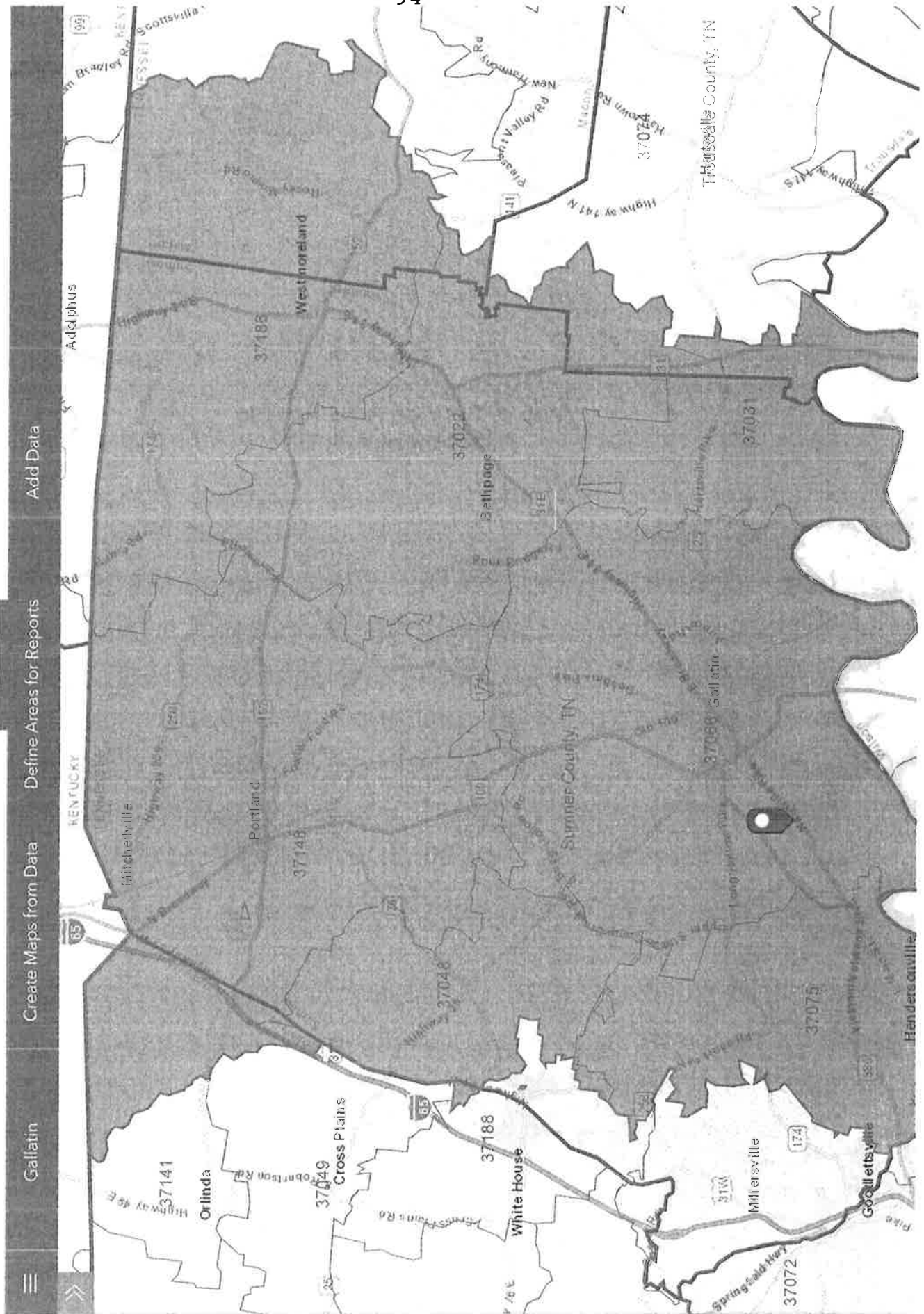
Reports

USA

Help



Kent



**Tab 11**

**Section B  
Need, A,  
Magnetic Resonance Imaging, 7.g  
Hospital Transfer Agreement**

### PATIENT TRANSFER AGREEMENT

THIS PATIENT TRANSFER AGREEMENT (this "Agreement") is made as of *April 1, 2011*, by and between SAINT THOMAS HEALTH SERVICES ("STHS"), a not-for-profit Tennessee corporation, and MIDDLE TENNESSEE IMAGING, LLC ("Transferor").

#### RECITALS:

A. Transferor, and its subsidiaries, operates a number of health care entities located in Middle Tennessee ("Facilities" or singularly, a "Facility").

B. STHS is a health system which includes four hospital campuses serving the Middle Tennessee area: Baptist Hospital, St. Thomas Hospital, Middle Tennessee Medical Center, and Hickman Community Hospital.

C. The parties desire to assure a continuity of care and appropriate medical treatment for the needs of each patient in their respective facilities, and have determined that, in the interest of patient care, the parties should enter into an agreement to provide for the transfer of patients from certain of Transferor's facilities to STHS hospitals on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

#### 1. Term and Termination.

(a) The Agreement shall have a two (2) year term commencing on **April 1, 2011** (the "Initial Term"). Upon the expiration of the Initial Term, this Agreement shall automatically renew for up to three additional one-year renewal terms ("Renewal Term") unless either party provides written notice of its intent not to renew to the other party at least sixty (60) days prior to the end of the then current term (the Initial Term and any Renewal Terms are collectively referred to herein as the "Term").

(b) This Agreement may be terminated by either party:

- (i) upon ninety (90) days prior written notice to the other party, or
- (ii) immediately should the other party fail to maintain the licenses, certifications or accreditations, including Medicare certification, required to operate its facility as it is currently being operated.

#### 2. Transfer.

(a) Transferor's Facilities to which this Agreement is applicable, and those STHS hospitals to which Transferor's patients may be transferred (the "Hospital" or "Hospitals"), are set forth on Exhibit A which is attached hereto and incorporated herein by this reference.

(b) Upon such time that a patient's physician determines that the patient needs to be transferred from a Transferor Facility to a Hospital pursuant to Transferor's physician's order, Hospital agrees to admit the patient as promptly as possible and provide healthcare services as necessary, provided all conditions of eligibility are met. Transferor agrees to send the following with each patient at the time of transfer, or as soon thereafter as possible in emergency situations:

- (i) an abstract of pertinent medical and other information necessary to continue the patient's treatment without interruption; and
  - (ii) essential identifying and administrative information.
- (c) Transferor shall also perform the following:
- (i) notify Hospital of the impending transfer;
  - (ii) receive confirmation that Hospital can accept the patient, and that a Hospital medical staff physician has done so;
  - (iii) obtain patient's consent to the transfer; and
  - (iv) arrange for the transportation of the patient, including mode of transportation and the provision of one or more health care practitioners as necessary.

### 3. Relationship of the Parties.

(a) Nothing in this Agreement shall in any way affect the autonomy of either party. Each party shall have exclusive control of its management, assets and affairs. Neither party assumes any liability for the debts or obligations of the other party.

(b) Neither party shall be responsible, financially or otherwise, for the care and treatment of any patient while that patient is admitted to, or is under the care of, the other party's facility.

(c) Each party may contract or affiliate with other facilities during the term of this Agreement.

4. EMTALA. The parties agree that any patient transfers made pursuant to this Agreement shall be in compliance with 42 U.S.C. § 1395dd, et seq. and any amendments thereto ("EMTALA"), EMTALA's implementing regulations, such other requirements as may be imposed by the Secretary of Health and Human Services, and any other applicable Federal or State patient transfer laws.

5. Indemnification. Transferor agrees to indemnify, defend and hold STHS, its officers, trustees, employees and agents harmless, to the extent permitted by applicable law, from or against any loss, injury, damage or liability incurred by reason of any act or failure to act by

Transferor, its officers, employees or agents in connection with the performance of this Agreement.

STHS agrees to indemnify, defend and hold Transferor, its officers, employees and agents harmless, to the extent permitted by applicable law, from or against any loss, injury, damages or liability incurred by reason of any act or failure to act by STHS, its officers, trustees, employees and agents in connection with the performance of this Agreement.

6. Compliance. In compliance with federal law, including the provisions of Title IX of the Education Amendments of 1972, Section 503 and 504 of the Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1967 and 1975 and the Americans with Disabilities Act of 1990, and Title VI of the Civil Rights Act of 1964 each party hereto will not discriminate on the basis of race, sex, religion, color, national or ethnic origin, age, disability, or military service, AIDS and AIDS related conditions in its administration of its policies, including admissions policies, employment, or program activities.

7. Record Availability. Transferor agrees that, until the expiration of four (4) years after the furnishing of any goods and services pursuant to this Agreement, it will make available, upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives, copies of this Agreement and any books, documents, records and other data of Transferor that are necessary to certify the nature and extent of the costs incurred by STHS in purchasing such goods and services. If Transferor carries out any of its duties under this Agreement through a subcontract with a related organization involving a value or cost of ten thousand dollars (\$10,000) or more over a twelve-month period, Transferor will cause such subcontract to contain a clause to the effect that, until the expiration of four (4) years after the furnishing of any good or service pursuant to said contract, the related organization will make available upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives, copies of this Agreement and any books, documents, records and other data of said related organization that are necessary to certify the nature and extent of costs incurred by Transferor for such goods or services. Transferor shall give STHS notice immediately upon receipt of any request from the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives for disclosure of such information.

Transferor agrees to indemnify, defend and hold STHS harmless from and against any loss, liability, judgment, penalty, fine, damages (including punitive and/or compounded damages), costs (including reasonable attorneys' fees and expenses) suffered or incurred by STHS as a result of, in connection with, or arising from Transferor's failure to comply with this Section 7.

8. Exclusion from Federal Health Care Programs. Transferor represents and warrants that it has not been nor is it about to be excluded from participation in any Federal Healthcare Program. Transferor agrees to notify STHS within one (1) business day of Transferor's receipt of a notice of intent to exclude or actual notice of exclusion from any such program. The listing of Transferor or any Transferor-owned subsidiary on the Office of Inspector General's exclusion list (OIG website) or the General Services Administration's Lists

of Parties Excluded from Federal Procurement and Nonprocurement Programs (GSA website) for excluded individuals and entities shall constitute "exclusion" for purposes of this paragraph. In the event that Transferor is excluded from any Federal Healthcare Program, this Agreement shall immediately terminate. For the purposes of this paragraph, the term "Federal Healthcare Program" means the Medicare program, the Medicaid program, the Maternal and Child Health Services Block Grant program, the Block Grants for State for Social Services program, any state Children's Health Insurance program, or any similar program. Further, Transferor agrees to indemnify and hold STHS harmless from and against any loss, liability, judgment, penalty, fine, damages (including punitive and/or compounded damages), costs (including reasonable attorneys' fees and expenses) incurred by STHS as a result of Transferor's failure to notify STHS of its exclusion from any Federal Healthcare Program.

9. Corporate Compliance. STHS has in place a Corporate Responsibility Plan, which has as its goal to ensure that STHS complies with federal, state and local laws and regulations. The plan focuses on risk management, the promotion of good corporate citizenship, including a commitment to uphold a high standard of ethical and legal business practices, and the prevention of misconduct. Transferor acknowledges STHS' commitment to corporate responsibility. Transferor agrees to conduct its business transactions with STHS in accordance with the principles of good corporate citizenship and a high standard of ethical and legal business practices.

10. Miscellaneous.

(a) The parties agree to provide each other with information regarding the resources each has available and the type of patients or health conditions that each is able to accept.

(b) Neither party shall use the name of the other in any promotional or advertising material unless the other party has been given the opportunity to review the material and prior written approval for the material and its use has been obtained.

(c) This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the party to be charged with the amendment.

(d) If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(e) This Agreement shall be governed by and construed and enforced in accordance with the laws and in the courts of the State of Tennessee.

(f) STHS may assign this Agreement, without the consent of Transferor, to an entity that directly or indirectly controls, is controlled by, or is under common control with,

STHS. For the purposes of this paragraph, the terms "control" means, with respect to a person, the authority, directly or indirectly, to (i) act as controlling member, shareholder or partner or such person, (ii) appoint, elect or approve at least a majority of the individual members, shareholders or partners of such person, or (iii) appoint, elect or approve at least a majority of the governing body of such person. Except as set forth above, neither party may assign this Agreement or any obligation hereunder without first obtaining the written consent of the other party. Any attempted delegation or assigning in violation of this paragraph shall be null and void. Subject to the foregoing, this Agreement shall be binding on and inure to the benefit of the parties and their respective heirs, administrators, successors and permitted assigns. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this paragraph.

(g) In the event that any legal action or other proceedings, including arbitration, is brought for the enforcement of this Agreement or because of an alleged dispute of breach, the prevailing party shall be awarded its costs of suit and reasonable attorney's fees.

(h) All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); or (b) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses and marked to the attention of the person (by name or title) designated below (or to such other address or person as a party may designate by notice to the other parties):

If to STHS: Saint Thomas Health Services  
102 Woodmont Boulevard, Suite 700  
Nashville, Tennessee 37205  
Attn: Chief Administrative Officer

With a copy to: Saint Thomas Health Services  
102 Woodmont Blvd., Suite 700  
Nashville, TN 37205  
Attn: Contract Administrator

If to Transferor: Middle Tennessee Imaging  
102 Woodmont Boulevard, Suite 700  
Nashville, Tennessee 37205  
Attn: Chief Executive Officer

(i) The headings of the various sections of this Agreement are inserted merely for convenience and do not expressly or by implication limit, define or extend the specific terms of the sections so designated. Any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.



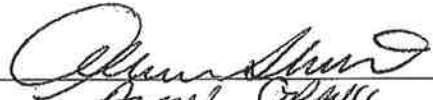
(j) This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

*(Signature page to follow.)*

IN WITNESS WHEREOF, the parties have executed this Patient Transfer Agreement as of the date first above written.

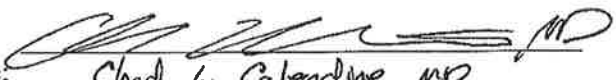
**STHS:**

SAINT THOMAS HEALTH SERVICES

By:   
Name: Adam Smith  
Title: C.E.O.

**TRANSFEROR:**

MIDDLE TENNESSEE IMAGING, LLC

By:   
Name: Chad L. Calandine, MD  
Title: President

**EXHIBIT A****FACILITIES****RECEIVING HOSPITAL**

BioImaging Charlotte/Premier Radiology  
1800 Charlotte Avenue  
Nashville, Tennessee 37203

Baptist Hospital

BioImaging Cool Springs/Premier Radiology  
3310 Aspen Grove Drive, Suite 101  
Franklin, Tennessee 37067

St. Thomas Hospital

BioImaging Edmondson Pike/Premier Radiology  
4928 Edmondson Pike, Suite 204  
Nashville, Tennessee 37211

St. Thomas Hospital

Premier Radiology Nashville  
28 White Bridge Pike, Suite 111  
Nashville, Tennessee 37205

St. Thomas Hospital

Premier Radiology Hermitage  
5045 Old Hickory Boulevard, Suite 100  
Hermitage, Tennessee 37076

Baptist Hospital

Middle Tennessee Imaging  
741 President Place, Suite 100  
Smyrna, Tennessee 37167

Middle Tennessee Medical Center

Murfreesboro Diagnostic Imaging  
1020 Highland Avenue, Suite A  
Murfreesboro, Tennessee 37130

Middle Tennessee Medical Center

**AMENDMENT TO THE PATIENT  
TRANSFER AGREEMENT**

**THIS AMENDMENT TO PATIENT TRANSFER AGREEMENT** ("Amendment") is made as of December 18, 2014, by and between SAINT THOMAS HEALTH ("STH"), a not-for-profit Tennessee corporation, and MIDDLE TENNESSEE IMAGING, LLC ("Transferor").

**WITNESSETH:**

**WHEREAS**, the parties entered into that certain Patient Transfer Agreement that commenced on April 1, 2011 (the "Agreement"); and

**WHEREAS**, the parties have decided to execute an Amendment to the Agreement to subject the Agreement to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Exhibit A. Exhibit A to the Agreement is hereby amended by adding the following Facility and corresponding Receiving Hospital:

**FACILITIES:**

Premier Radiology Clarksville  
980 Professional Park Dr., STE E  
Clarksville, TN 37040

**RECEIVING HOSPITAL:**

St. Thomas Midtown Hospital

2. Reaffirmation. Any and all provisions not amended herein shall remain in full force and effect.

*[Signature page to follow.]*

IN WITNESS WHEREOF, the parties have set their hands as of the date first set forth above.


STHS:

SAINT THOMAS HEALTH

By:

Name:

Title:

  
Berwick Sherry  
CEO


TRANSFEROR:

MIDDLE TENNESSEE IMAGING, LLC

By:

Name:

Title:

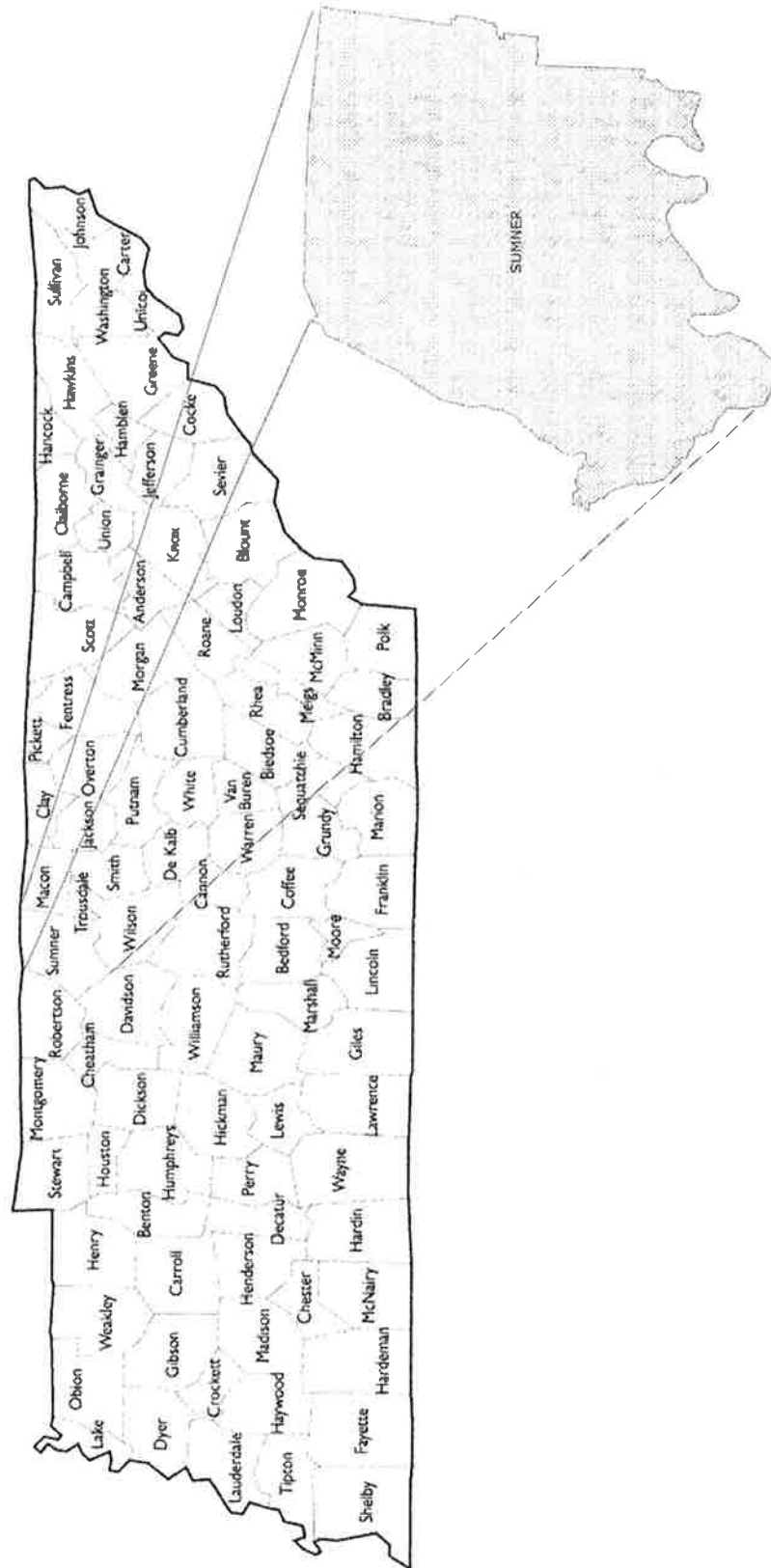
  
Chad Calendine  
CEO

**Tab 13**

**Section B  
Need, C**

**Service Area Map**

## Service Area of MTI-Gallatin



**Tab 14**

**Section B  
Need, D(1)b**

**Population Table Form**



**Tab 12 Population Table Form**

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census - 2016			TennCare		
	Total Population Current Year - 2018	Total Population Projected year - 2022	Total Population - % Change	*Target Population (Age 65+) Current Year 2018	*Target Population (Age 65+) Projected Year 2022	*Target Population % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Sumner	184,532	195,970	6.2%	30,095	35,752	18.8%	18.2%	39.5	\$58,972	N/A	9.7%	29,755	16.1%
State of TN Total	6,960,524	7,263,893	4.4%	1,133,722	1,362,320	20.2%	18.8%	38.5	\$46,574	N/A	17.2%	1,476,375	21.2%

Source: TN DOH Health Statistics; Bureau of the Census - 2016; American Fact Finder; Bureau of TennCare - January 2018

**Tab 16**

**Section B  
Economic Feasibility, A(5)**

**Construction Costs Verification Letter**



SOLOMON  
BUILDERS

Wil Watkins  
Solomon Builders  
4539 Trousdale Drive  
Nashville, TN 37204

March 13, 2018

Mr. Michael Moreland  
Premier Radiology  
28 White Bridge Rd.  
Nashville, TN 37205

RE: Premier Radiology Gallatin, TN

Mr. Moreland,

Thank you for the opportunity to review your preliminary plans for the proposed Premier Radiology location in Gallatin, TN. Based on our previous experience with this type of construction our typical construction costs for a new imaging suite in an existing building will be in the range of \$185-\$215 per square foot depending on final finishes and site specific issues.

The Proposed 5,375 sf space will consist of a MRI, CT, Mammo, X-ray, C-arm, DEXA, & Ultrasound as well as the required support spaces. We have also verified that the required imaging equipment can be safely brought onto the site and into the proposed suite. Based on what we have seen, we estimate that the buildout of the new imaging suite will cost roughly \$200.00/sf for a total cost of \$1,075,000.00.

This pricing is based on adhering to all State and Local codes as well as installation as dictated by manufacturer's specifications, the Architect's instructions, and the currently adopted AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

Please feel free to contact me if I can further assist you in any way.

Sincerely,

Wil Watkins  
Solomon Builders, Inc.

**Tab 17**

**Section B  
Economic Feasibility, B(5)**

**Verification of Funding**



March 9, 2018

Melanie M. Hill, Executive Director  
Tennessee Health Services and Development Agency  
502 Deaderick Street  
Andrew Jackson Bldg., 9<sup>th</sup> Floor  
Nashville, Tennessee 37243

RE: Middle Tennessee Imaging's CON Licensure Request to establish an Outpatient Diagnostic Center (ODC) in Gallatin

Dear Ms. Hill:

Middle Tennessee Imaging, LLC (d/b/a Premier Radiology) has sufficient available credit to fund all costs required for the development and establishment of the project as set forth in the certificate of need application. The funding needed for Administrative, Architectural, Engineering, Construction, Equipment, and Furniture costs appears to be approximately \$2,809,042 and will be provided by Pinnacle Bank.

If you need additional information, please feel free to contact me. My number is 615-744-2903.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carol S. Titus".

Carol S. Titus  
Senior Vice President  
Pinnacle Bank

150 3<sup>rd</sup> Avenue S.  
Nashville, TN 37201

**Tab 18**

**Section B  
Economic Feasibility, F(1)  
Audited Financial Statements**

**MIDDLE TENNESSEE IMAGING, LLC  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES****TABLE OF CONTENTS**

Independent Auditor's Report.....	1 – 2
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Consolidated Statements of Operations .....	4
Consolidated Statements of Members' Equity .....	5
Consolidated Statements of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7 – 13





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Owners of  
Middle Tennessee Imaging, LLC and Subsidiaries  
Goodlettsville, Tennessee

We have audited the accompanying consolidated financial statements of Middle Tennessee Imaging, LLC (a limited liability corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations; members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Middle Tennessee Imaging, LLC and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Fraser, Dean & Howard, PLLC*

April 18, 2017

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,346,932	\$ 3,914,116
Accounts receivable, net	8,079,671	5,515,805
Prepaid expenses	188,267	181,350
Other assets	10,640	80,333
Total current assets	10,625,510	9,691,604
Property and equipment, net	13,386,812	14,924,497
Goodwill	600,000	600,000
Total assets	<u>\$ 24,612,322</u>	<u>\$ 25,216,101</u>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,214,455	\$ 4,360,579
Notes payable	4,084,423	4,084,423
Total current liabilities	10,298,878	8,445,002
Notes payable, net of current portion	7,867,376	11,951,799
Total liabilities	18,166,254	20,396,801
Members' equity	6,446,068	4,819,300
Total liabilities and members' equity	<u>\$ 24,612,322</u>	<u>\$ 25,216,101</u>

See accompanying notes.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Net revenue:		
Service fee revenue, net of contractual allowances and discounts	\$ 63,573,358	\$ 52,517,623
Provision for doubtful accounts	<u>(6,371,195)</u>	<u>(5,283,166)</u>
Net service fee revenue	57,202,163	47,234,457
Net earnings from STHS hospitals	531,369	416,248
Non-medical revenue:		
Rent revenue	102,899	90,899
Other	<u>469,629</u>	<u>618,489</u>
Net revenue	<u>58,306,060</u>	<u>48,360,093</u>
Operating expenses:		
Contracted services	18,895,947	14,731,072
Salaries and benefits	11,865,944	10,564,160
Supplies	5,171,788	3,978,566
Repairs and maintenance	3,924,876	3,726,413
Depreciation and amortization	3,550,273	3,733,484
Leases and rents	2,790,043	2,736,020
Other operating expenses	<u>2,487,568</u>	<u>2,189,803</u>
Total operating expenses	<u>48,686,439</u>	<u>41,659,518</u>
Income from operations	<u>9,619,621</u>	<u>6,700,575</u>
Other income (expense):		
Interest expense	(450,344)	(547,951)
Loss on disposal of property and equipment	<u>(40,737)</u>	<u>(528)</u>
Total other income (expense)	<u>(491,081)</u>	<u>(548,479)</u>
Net income before taxes	9,128,540	6,152,096
Provision for state income taxes	<u>(251,772)</u>	<u>(171,992)</u>
Net income	<u><u>\$ 8,876,768</u></u>	<u><u>\$ 5,980,104</u></u>

See accompanying notes.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Members' equity, beginning of year	\$ 4,819,300	\$ 4,089,196
Distributions	(7,250,000)	(5,250,000)
Net income	<u>8,876,768</u>	<u>5,980,104</u>
Members' equity, end of year	<u><u>\$ 6,446,068</u></u>	<u><u>\$ 4,819,300</u></u>

See accompanying notes.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net income	\$ 8,876,768	\$ 5,980,104
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,550,273	3,733,484
Loss on disposal of property and equipment	40,737	528
Provision for doubtful accounts	6,371,195	5,283,166
Changes in assets and liabilities:		
Accounts receivable	(8,935,061)	(4,096,033)
Prepaid expenses	(6,917)	(30,268)
Other assets	69,693	(740)
Accounts payable and accrued expenses	1,853,876	(1,102,669)
Net cash provided by operating activities	<u>11,820,564</u>	<u>9,767,572</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(2,053,325)</u>	<u>(418,706)</u>
Net cash used in investing activities	<u>(2,053,325)</u>	<u>(418,706)</u>
Cash flows from financing activities:		
Payments on notes payable	(4,084,423)	(4,084,423)
Member distributions	<u>(7,250,000)</u>	<u>(5,250,000)</u>
Net cash used in financing activities	<u>(11,334,423)</u>	<u>(9,334,423)</u>
(Decrease) increase in cash and cash equivalents	(1,567,184)	14,443
Cash and cash equivalents, beginning of year	<u>3,914,116</u>	<u>3,899,673</u>
Cash and cash equivalents, end of year	<u>\$ 2,346,932</u>	<u>\$ 3,914,116</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 450,344</u>	<u>\$ 547,951</u>
Income taxes	<u>\$ 163,981</u>	<u>\$ 178,359</u>

See accompanying notes.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Middle Tennessee Imaging, LLC (the “Company”) was formed in April 2011 and provides diagnostic imaging services including magnetic resonance imaging (MRI), computed tomography (CT), positron emission tomography (PET), mammography, ultrasound, diagnostic radiology, or X-ray, and other related procedures. The Company owns a membership interest in RADS of America, LLC, and Premier Mobile, LLC, single member limited liability companies. The Company operates 13 imaging centers in Middle Tennessee and one ambulatory surgery center. The Company operates as a limited liability company and its members have limited personal liability for the obligations or debts of the Company. Only one class of members’ interest exists and the entity’s life is not finite.

**Principles of Consolidation**

The consolidated financial statements at December 31, 2016 and 2015 include the accounts of the Company and its wholly-owned subsidiaries, RADS of America, LLC and Premier Mobile, LLC (“Premier Mobile”). Premier Mobile was formed in 2014 to acquire the membership interest of Mobile MRI Medical Services, LLC. All significant inter-entity transactions and balances have been eliminated in consolidation.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenues**

Patient revenues, net of contractual allowances and discounts, consist of net patient fees received from various payers based upon established contractual billing rates, less allowances for contractual adjustments and discounts.

Service fee revenues are recorded during the period the services are provided based upon the estimated amounts due from the patients and third-party payers. Third-party payers include federal and state agencies (under Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances under managed care health plans are based upon the payment terms specified in the related contractual agreements. Contractual payment terms in managed care agreements are generally based upon predetermined rates per discounted fee-for-service rates. A provision for doubtful accounts (based primarily on historical collection experience) is also recorded related to patients without insurance and copayment and deductible amounts for patients who have health care coverage under a third-party payer.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**December 31, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues (Continued)**

The Company's service fee revenue, net of contractual allowances and discounts and the provision for doubtful accounts for the years ended December 31, 2016 and 2015 are summarized in the following table:

	<u>2016</u>	<u>2015</u>
Commercial insurance	\$ 43,809,414	\$ 29,493,319
Medicare	11,328,899	15,269,606
Medicaid	6,279,207	4,874,703
Workers' compensation	1,574,897	1,722,681
Other	<u>580,941</u>	<u>1,157,314</u>
Service fee revenue, net of contractual allowances and discounts	63,573,358	52,517,623
Provision for doubtful accounts	<u>(6,371,195)</u>	<u>(5,283,166)</u>
Net service fee revenue	<u>\$ 57,202,163</u>	<u>\$ 47,234,457</u>

**Cash and Cash Equivalents**

For the purpose of the consolidated statements of cash flows, cash includes cash and all highly liquid investments with original maturities of ninety days or less when purchased.

**Accounts Receivable**

Substantially all accounts receivable are due under fee-for-service contracts from third-party payers, such as insurance companies and government-sponsored healthcare programs, or directly from patients. Services are generally provided pursuant to one-year contracts with healthcare providers. Receivables are generally collected within industry norms for third-party payers. Collections from payers are continuously monitored and an allowance for uncollectible accounts is maintained based upon specific payer collection issues that have been identified and historical experience.

**Provision for Doubtful Accounts**

An allowance is provided against accounts receivable that could become uncollectible to reduce the carrying value of such receivables to their estimated net realizable value. This allowance is estimated based on the aging of accounts receivable by each type of payer over an 18-month look-back period and other relevant factors. The allowance for bad debts totaled \$2,666,749 and \$2,199,926 at December 31, 2016 and 2015, respectively.



**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**December 31, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided by use of the straight-line method over the estimated useful lives of the assets, which range from 4 to 10 years. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life of the asset. Maintenance and repairs are charged to expense as incurred.

**Goodwill**

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually at the reporting unit level. If impairment exists, a write-down to estimated fair value (normally measured by discounting estimated future cash flows) is recorded. No goodwill impairment charges were recorded in 2016 or 2015.

**Income Taxes**

The Company is treated as a partnership for federal income tax purposes and does not incur federal income taxes. Instead, its income or loss is included in the income tax returns of the members. The Company is subject to Tennessee franchise and excise taxes.

The Company follows Financial Accounting Standards Board Accounting Standards Codification guidance which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company has no tax penalties or interest reported in the accompanying consolidated financial statements.

**Subsequent Events**

The Company evaluated subsequent events through April 18, 2017, when these consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the consolidated balance sheet date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**December 31, 2016 and 2015**

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 967,099	\$ 967,099
Buildings	1,847,721	1,847,721
Leasehold improvements	9,536,880	9,476,526
Office furniture and equipment	693,883	676,004
Medical equipment	25,744,392	24,406,895
Computer equipment and software	1,829,035	1,679,184
Automobiles	<u>232,069</u>	<u>98,127</u>
	40,851,079	39,151,556
Less: accumulated depreciation	<u>(27,464,267)</u>	<u>(24,227,059)</u>
	<u>\$ 13,386,812</u>	<u>\$ 14,924,497</u>

Depreciation and amortization expense totaled \$3,550,273 and \$3,733,484 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 3 – NOTES PAYABLE**

During 2012, the Company entered into a credit facility with a financial institution. The facility consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Line of credit allowing for maximum borrowings of \$3,000,000. The line matures in June 2019 and is secured by a deed of trust, the Company's assets, and a guaranty by RADS of America, LLC. Interest is payable monthly at a variable rate (3.40% at December 31, 2016). The loan agreement requires that the Company maintain a minimum fixed charge coverage ratio computed on a quarterly basis.	\$ 2,000,000	\$ 2,000,000
Note payable for purchase of property and equipment, payable in monthly principal plus interest installments of \$340,369. Interest is charged at a variable rate (3.40% at December 31, 2016). All unpaid principal and interest is due June 2019. The note is secured by a deed of trust, the Company's assets, and a guaranty by RADS of America, LLC.	<u>9,951,799</u>	<u>14,036,222</u>
Total notes payable	<u>\$ 11,951,799</u>	<u>\$ 16,036,222</u>

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**December 31, 2016 and 2015**

**NOTE 3 – NOTES PAYABLE (Continued)**

Annual principal maturities of the facility are as follows at December 31, 2016:

Years Ending December 31:	
2017	\$ 4,084,423
2018	4,084,423
2019	<u>3,782,953</u>
	<u>\$ 11,951,799</u>

Total interest expense was \$450,344 and \$547,951 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 4 – LEASES**

The Company has entered into numerous noncancelable operating lease agreements for various office and center facilities with lease terms expiring at various dates through the year 2023 as follows:

<u>Center</u>	<u>Lease Expiration Date</u>
Belle Meade	April 2021
Briarville	October 2021
Clarksville	September 2017
Cool Springs	March 2022
Hendersonville	February 2023
Hermitage	June 2019
Midtown	July 2018
Mt. Juliet	April 2020
Murfreesboro	October 2020
Nashville	December 2023
Smyrna	December 2023
St. Thomas West	July 2024

Rent expense under all operating leases for the years ended December 31, 2016 and 2015 totaled \$2,790,043 and \$2,736,020, respectively.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**December 31, 2016 and 2015**

**NOTE 4 – LEASES (Continued)**

Minimum lease commitments are as follows at December 31, 2016:

Years Ending December 31:	
2017	\$ 2,406,564
2018	2,367,204
2019	1,969,320
2020	1,649,961
2021	876,743
Thereafter	<u>1,361,926</u>
	<u><u>\$ 10,631,718</u></u>

**NOTE 5 – STATE INCOME TAXES**

The provision for state income taxes consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Current	\$ 251,772	\$ 171,992
Deferred	<u>-</u>	<u>-</u>
	<u><u>\$ 251,772</u></u>	<u><u>\$ 171,992</u></u>

The provision for state income taxes differs from the computed amount at the applicable state statutory rate due primarily to income subject to self employment taxes being exempt from tax for Tennessee excise tax purposes.

Deferred state tax assets and liabilities are not significant at December 31, 2016 and 2015.

**NOTE 6 – CONTRACTS AND AGREEMENTS**

The Company has entered into a billing and management agreement with PhyData, LLC (a related party) whereby the Company pays PhyData, LLC an agreed upon percentage of collections. During the years ended December 31, 2016 and 2015, the Company recognized expense under this agreement totaling \$3,560,529 and \$2,961,661, respectively. Amounts payable to PhyData, LLC totaled \$601,251 and \$550,856 as of December 31, 2016 and 2015, respectively.

**MIDDLE TENNESSEE IMAGING, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**December 31, 2016 and 2015**

**NOTE 6 – CONTRACTS AND AGREEMENTS (Continued)**

The Company has entered into a professional services agreement with Advanced Diagnostic Imaging, P.C. (a related party) and Midstate Radiology Inc. (a related party) to provide reading and interpretation services based on a percentage of collections. During the years ended December 31, 2016 and 2015, the Company recognized expense under this agreement totaling \$13,374,998 and \$10,219,491, respectively. Amounts payable to Advanced Diagnostic Imaging, P.C. and Midstate Radiology Inc. totaled \$2,982,865 and \$1,518,416 as of December 31, 2016 and 2015, respectively.

The Company has entered into an employee leasing agreement with NOL, LLC (a related party) to provide all employees for the Company. Under terms of the agreement, the Company reimburses NOL, LLC all costs associated with the applicable employees. During the years ended December 31, 2016 and 2015, the Company recognized expense under the agreement totaling \$11,576,267 and \$10,251,866, respectively. Amounts payable to NOL, LLC totaled \$505,184 and \$0 as of December 31, 2016 and 2015, respectively.

**NOTE 7 – PROFIT SHARING PLAN**

The Company has a combination profit sharing and 401(k) plan (the “Plan”), which covers all employees who are at least age 18 and have completed one year of service. The Plan provides for safe harbor, discretionary matching, and discretionary profit sharing contributions. For the years ended December 31, 2016 and 2015, the Company recognized related expenses totaling \$495,358 and \$495,347, respectively.

**NOTE 8 – CHARITY CARE ASSISTANCE**

The Company provides certain services to individuals who do not have insurance or other means to pay for the services received. These services represent charity care and are not reported as revenue. The cost of charity care provided by the Company during the years ended December 31, 2016 and 2015 was approximately \$1,365,000 and \$1,125,000, respectively.

**NOTE 9 – CONCENTRATIONS**

The Company maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to statutory limits. As of December 31, 2016, the Company’s depository accounts exceeded such insurance limits by approximately \$2,600,000.

**NOTE 10 – RISK OF LOSS**

The Company is exposed to various risks of loss including medical malpractice, general liability, errors and omissions, and other situations. The Company purchases commercial insurance for the significant risks of loss. There have been no significant claims during the years ended December 31, 2016 and 2015.

**Middle Tennessee Imaging, LLC**  
**Income Statement**

Period and Year to Date Compare to Last Year  
For the Period from December 1, 2017 to December 31, 2017

	Current Period		Year to Date		Last Year to Date	
<b>Revenue</b>						
Global Patient Charges	22,908,670	555%	274,001,034	560%	227,776,996	520%
Reserve for Contractual Allowances	(16,494,300)	-400%	(196,854,618)	-402%	(162,838,382)	-372%
Reserve for Charity Care	(137,163)	-3%	(1,638,739)	-3%	(1,365,256)	-3%
Net Patient Revenue	6,277,206	152%	75,507,677	154%	63,573,358	145%
Physicians Services	(1,510,834)	-37%	(18,913,334)	-39%	(13,374,998)	-31%
Bad Debt	(640,096)	-16%	(7,656,954)	-16%	(6,371,195)	-15%
Net Technical Revenue	4,126,277	100%	48,937,388	100%	43,827,165	100%
Net Earnings from STHS Hospitals	43,539	1%	501,136	1%	531,369	1%
Non-Medical Revenue						
Hermitage Building Rent	22,209	1%	291,107	1%	315,707	1%
Other Revenue	13,387	0%	142,952	0%	469,629	1%
Total Non-Medical Revenue	35,596	1%	434,059	1%	785,336	2%
Net Technical and Other Revenue	4,205,412	102%	49,872,583	102%	45,143,869	103%
<b>Operating Expenses</b>						
Staff Compensation & Benefits	1,135,077	28%	13,132,252	27%	11,865,944	27%
Leased Medical Equipment	6,404	0%	86,320	0%	94,340	0%
Rents & Other Leases	299,363	7%	3,147,655	6%	2,908,512	7%
Insurance	39,707	1%	477,582	1%	391,688	1%
Non-Clinical Supplies	61,327	1%	841,271	2%	868,587	2%
Clinic Supplies	259,954	6%	3,558,166	7%	4,303,201	10%
RIS/PACS Services	71,702	2%	857,674	2%	753,570	2%
Management Fee	92,959	2%	1,101,950	2%	986,432	2%
Billing & Collection Agency Fees	273,977	7%	3,324,204	7%	2,931,866	7%
Other Purchased Services	46,067	1%	850,374	2%	849,081	2%
Telecommunications	33,007	1%	411,263	1%	435,481	1%
Transport, Meals, & Entertainment	12,048	0%	150,405	0%	119,080	0%
Repairs & Maintenance	249,434	6%	4,057,323	8%	3,924,876	9%
Other Operating Expenses	98,426	2%	1,581,498	3%	1,541,318	4%
<b>Total Operating Expenses</b>	<b>2,679,454</b>	<b>65%</b>	<b>33,577,937</b>	<b>69%</b>	<b>31,973,975</b>	<b>73%</b>
<b>Net Operating Income (EBITDA)</b>	<b>1,525,958</b>	<b>37%</b>	<b>16,294,646</b>	<b>33%</b>	<b>13,169,894</b>	<b>30%</b>
<b>Non-Operating Income &amp; Expense</b>						
Depreciation & Amortization	263,054	6%	3,165,182	6%	3,550,274	8%
Interest Expense	48,554	1%	438,935	1%	450,344	1%
Gain or Loss on Asset Disposal	-	0%	10,324	0%	40,737	0%
<b>Total Non-Operating Income &amp; Expense</b>	<b>311,608</b>	<b>8%</b>	<b>3,614,441</b>	<b>7%</b>	<b>4,041,355</b>	<b>9%</b>
<b>Net Income Before Equity Earnings in JV's</b>	<b>1,214,350</b>	<b>29%</b>	<b>12,680,205</b>	<b>26%</b>	<b>9,128,539</b>	<b>21%</b>
<b>Equity Earnings in Joint Ventures</b>						
Equity Earnings-Turner JV	9,206	0%	9,206	0%	-	0%
Equity Earnings-CIC	(139,089)	-3%	(139,089)	0%	-	0%
<b>Total Equity Earnings in Joint Ventures</b>	<b>(129,883)</b>	<b>-3%</b>	<b>(129,883)</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Net Income Before Taxes</b>	<b>1,084,467</b>	<b>26%</b>	<b>12,550,322</b>	<b>26%</b>	<b>9,128,539</b>	<b>21%</b>
<b>Provision for Income Taxes</b>	<b>36,174</b>	<b>1%</b>	<b>520,965</b>	<b>1%</b>	<b>251,772</b>	<b>1%</b>
<b>Net Income</b>	<b>1,048,293</b>	<b>25%</b>	<b>12,029,357</b>	<b>25%</b>	<b>8,876,767</b>	<b>20%</b>

**Middle Tennessee Imaging, LLC**  
**Operating Expense Support Schedule**

Period and Year to Date Compare to Last Year  
For the Period from December 1, 2017 to December 31, 2017

	Current Period		Year to Date		Last Year to Date	
<b>Net Technical Revenue</b>	<b>4,126,277</b>	<b>100%</b>	<b>48,937,388</b>	<b>100%</b>	<b>43,827,165</b>	<b>100%</b>
Staff Leased from NOL, LLC	1,106,339	27%	12,836,066	26%	11,576,119	26%
Temporary Labor	-	0%	1,788	0%	148	0%
Shared Staff Comp	-	0%	-	0%	-	0%
Benefits	28,738	1%	294,398	1%	289,677	1%
<b>Total Staff Compensation</b>	<b>1,135,077</b>	<b>28%</b>	<b>13,132,252</b>	<b>27%</b>	<b>11,865,944</b>	<b>27%</b>
<b>Leased Medical Equipment</b>	<b>6,404</b>	<b>0%</b>	<b>86,320</b>	<b>0%</b>	<b>94,340</b>	<b>0%</b>
Office Rent	267,503	6%	3,042,389	6%	2,851,737	7%
Lease - Office F&E	1,604	0%	26,707	0%	29,555	0%
<b>Total Rents &amp; Other Leases</b>	<b>299,363</b>	<b>7%</b>	<b>3,147,655</b>	<b>6%</b>	<b>2,908,512</b>	<b>7%</b>
General Business Insurance	11,391	0%	129,148	0%	128,503	0%
Malpractice Insurance	27,655	1%	340,462	1%	254,914	1%
Director & Officers Insurance	661	0%	7,972	0%	8,271	0%
<b>Total Insurance</b>	<b>39,707</b>	<b>1%</b>	<b>477,582</b>	<b>1%</b>	<b>391,688</b>	<b>1%</b>
Billing Forms	379	0%	21,068	0%	41,541	0%
Office Supplies	10,750	0%	144,381	0%	145,304	0%
Office Furnishings	-	0%	19,875	0%	-	0%
Patient Waiting Room Supplies	8,588	0%	102,726	0%	91,254	0%
Computer Supplies	2,944	0%	61,907	0%	59,637	0%
Marketing Supplies	38,666	1%	491,314	1%	530,851	1%
<b>Total Non-clinical Supplies</b>	<b>61,327</b>	<b>1%</b>	<b>841,271</b>	<b>2%</b>	<b>868,587</b>	<b>2%</b>
Clinic Forms	1,331	0%	11,298	0%	28,202	0%
Clinic Supplies & Medications	191,316	5%	2,883,183	6%	3,865,766	9%
Film	-	0%	2,177	0%	5,239	0%
Contrast Materials	40,892	1%	368,714	1%	137,294	0%
Laundry	26,416	1%	292,794	1%	266,700	1%
<b>Total Clinic Supplies</b>	<b>259,954</b>	<b>6%</b>	<b>3,558,166</b>	<b>7%</b>	<b>4,303,201</b>	<b>10%</b>
<b>RIS/PACS Services</b>	<b>71,702</b>	<b>2%</b>	<b>857,674</b>	<b>2%</b>	<b>753,570</b>	<b>2%</b>
<b>Management Fee</b>	<b>92,959</b>	<b>2%</b>	<b>1,101,950</b>	<b>2%</b>	<b>986,432</b>	<b>2%</b>
Billing Service	264,757	6%	3,183,336	7%	2,725,101	6%
Collection Agency Fees	9,220	0%	140,868	0%	206,765	0%
<b>Total Billing &amp; Collection Agency Fees</b>	<b>273,977</b>	<b>7%</b>	<b>3,324,204</b>	<b>7%</b>	<b>2,931,866</b>	<b>7%</b>
IS Consulting & Support	975	0%	17,978	0%	4,971	0%
Mktg Consulting & Support	5,087	0%	97,021	0%	133,750	0%
Recruiting	726	0%	17,071	0%	13,524	0%
Legal	8,333	0%	183,161	0%	170,495	0%
Professional/Accounting	-	0%	32,025	0%	9,025	0%
Special Projects	-	0%	86,405	0%	122,760	0%
Other Medical Services	-	0%	870	0%	1,484	0%

**Middle Tennessee Imaging, LLC**  
**Operating Expense Support Schedule**

Period and Year to Date Compare to Last Year

For the Period from December 1, 2017 to December 31, 2017

	Current Period		Year to Date		Last Year to Date	
Cleaning Services	12,732	0%	148,036	0%	136,305	0%
Transcription	-	0%	-	0%	-	0%
Grounds Keeping & Waste	5,662	0%	58,008	0%	54,884	0%
Building Security	639	0%	9,703	0%	10,678	0%
Mobile MRI Transportation	5,900	0%	70,184	0%	70,862	0%
Other Purchased Services	6,013	0%	129,912	0%	120,344	0%
<b>Total Purchased Services</b>	<b>46,067</b>	<b>1%</b>	<b>850,374</b>	<b>2%</b>	<b>849,081</b>	<b>2%</b>
Business Lines	6,648	0%	102,089	0%	109,747	0%
Information System Lines	24,251	1%	290,730	1%	308,569	1%
Cellular Phones	1,928	0%	16,175	0%	14,098	0%
Answering Service	180	0%	2,269	0%	3,067	0%
Yellow Pages	-	0%	-	0%	-	0%
<b>Total Telecommunications</b>	<b>33,007</b>	<b>1%</b>	<b>411,263</b>	<b>1%</b>	<b>435,481</b>	<b>1%</b>
Business Meals	1,087	0%	10,773	0%	20,934	0%
Entertainment	-	0%	-	0%	120	0%
Flowers & Gifts	-	0%	46	0%	1,199	0%
Employee Relations	3,087	0%	43,505	0%	53,471	0%
Travel	1,102	0%	9,912	0%	5,554	0%
Mileage	286	0%	10,069	0%	11,987	0%
Transportation	6,485	0%	76,099	0%	25,814	0%
<b>Total Transport, Meals, &amp; Entertainment</b>	<b>12,048</b>	<b>0%</b>	<b>150,405</b>	<b>0%</b>	<b>119,080</b>	<b>0%</b>
Maint - Office Equipment & Furnishings	4,753	0%	46,976	0%	25,849	0%
Maint - Computer Equipment	215	0%	48,449	0%	27,110	0%
Maint - Medical Equipment	195,454	5%	3,465,054	7%	3,639,267	8%
Maint - Building	21,318	1%	272,864	1%	232,650	1%
Maint - Management	27,695	1%	223,980	0%	-	0%
<b>Total Repairs &amp; Maintenance</b>	<b>249,434</b>	<b>6%</b>	<b>4,057,323</b>	<b>8%</b>	<b>3,924,876</b>	<b>9%</b>
Seminars & Training	1,200	0%	12,296	0%	10,419	0%
Books & Publications	-	0%	1,060	0%	-	0%
Professional Societies	100	0%	2,450	0%	2,462	0%
Licenses	9,394	0%	148,044	0%	181,025	0%
CME	-	0%	-	0%	-	0%
Uniforms	674	0%	17,586	0%	33,134	0%
Meeting Expense	-	0%	-	0%	-	0%
Bad Debt Expense	-	0%	-	0%	-	0%
Miscellaneous	-	0%	0	0%	90	0%
Business & Property Taxes	15,887	0%	231,876	0%	236,930	1%
Bank Charges	26,834	1%	481,999	1%	395,937	1%
Postage	3,794	0%	51,119	0%	44,359	0%
Utilities	40,543	1%	620,214	1%	620,462	1%
Other	-	0%	-	0%	-	0%
Contributions	-	0%	14,854	0%	16,500	0%
<b>Total Other Operating Expenses</b>	<b>98,426</b>	<b>2%</b>	<b>1,581,498</b>	<b>3%</b>	<b>1,541,318</b>	<b>4%</b>
<b>Total Operating Expenses</b>	<b>2,679,454</b>	<b>65%</b>	<b>33,577,937</b>	<b>69%</b>	<b>31,973,975</b>	<b>73%</b>



**Middle Tennessee Imaging, LLC**  
**Balance Sheet**  
**December 31, 2017**

	<b>Balance</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	2,613,517
Account Receivable	29,308,477
Due from Affiliates	1,833,216
Allowances	(21,316,304)
Prepaid Expenses	196,764
Deposits	14,902
Other Assets	392,123
<b>Total Current Assets</b>	<b>13,042,695</b>
<b>Fixed Assets</b>	
Vehicles	232,069
Operating Equipment	30,987,182
Leasehold Improvements	10,500,658
Land	967,099
Buildings	1,860,221
Accumulated Depreciation	(30,538,020)
<b>Net Fixed Assets</b>	<b>14,009,208</b>
Goodwill	600,000
Investment in Turner Surgery	649,206
Investment in Rad Assoc Imaging	160,911
<b>TOTAL ASSETS</b>	<b>28,462,021</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Current Liabilities</b>	
Accounts Payable	1,397,030
Due to Affiliates	4,899,279
Accrued Expenses	1,315,507
Building Deposits Returnable	4,207
Line of Credit	6,430,901
Current Portion of Notes Payable	4,084,423
Other Current Liabilities	72,296
<b>Total Current Liabilities</b>	<b>18,203,643</b>
<b>Notes and Loan Payables</b>	
Notes Payable, Net of Current Portion	1,782,953
Other Long-Term Liabilities	-
<b>Total Long-Term Liabilities</b>	<b>1,782,953</b>
<b>Total Liabilities</b>	<b>19,986,596</b>
<b>Equity</b>	
Owner Capital	7,108,225
Owner Distributions	(57,600,000)
Retained Earnings	46,937,844
YTD Net Income	12,029,357
<b>Total Equity</b>	<b>8,475,425</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>28,462,021</b>

**Middle Tennessee Imaging, LLC**  
**Statement of Cash Flow**  
Period and Year to Date Compare to Last Year  
December 2017

	Current Period	Year to Date	Last Year	Last Year to Date
<b>Cash Flows from Operating Activities:</b>				
<b>Net Income</b>	<b>1,048,293</b>	<b>12,029,357</b>	<b>1,131,058</b>	<b>8,876,767</b>
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operations:</b>				
<b>Net change in...</b>				
Receivables	(111,479)	(1,844,950)	1,032	(1,333,385)
Prepays	(56,216)	(8,497)	(53,948)	(6,916)
Other Assets	(61,210)	(396,385)	66,254	69,693
Investments in Subsidiaries	129,883	(810,117)	-	-
Accounts Payable	(41,621)	1,422,126	63,981	1,735,116
Deposits Returnable	-	-	-	-
Accrued Expenses	(52,102)	49,934	27,315	53,727
Taxes Payable	47,296	43,124	24,259	56,412
Notes & Mortgage Payable	(340,369)	346,478	(340,369)	(4,084,423)
Other Liabilities	6,508	10,631	1,461	8,621
Intercompany (to) / from	1,207,657	47,281	179,456	(1,230,478)
Depreciation & Amortization	262,518	3,073,754	81,932	3,237,207
<b>Total Cash Flows from Operations</b>	<b>2,039,159</b>	<b>13,962,735</b>	<b>1,182,431</b>	<b>7,382,339</b>
<b>Cash Flows from Investing Activities:</b>				
Purchases of Assets	(563,624)	(3,794,083)	(437,673)	(2,046,898)
Disposition of Assets	-	97,933	255,085	347,375
<b>Total Cash Flows from Investing Activities</b>	<b>(563,624)</b>	<b>(3,696,150)</b>	<b>(182,588)</b>	<b>(1,699,523)</b>
<b>Cash Flows from Financing Activities:</b>				
Owners Distribution	(4,750,000)	(10,000,000)	(750,000)	(7,250,000)
<b>Total Cash Flows from Financing Activities</b>	<b>(4,750,000)</b>	<b>(10,000,000)</b>	<b>(750,000)</b>	<b>(7,250,000)</b>
<b>Increase/Decrease in Cash</b>	<b>(3,274,465)</b>	<b>266,585</b>	<b>249,843</b>	<b>(1,567,184)</b>
<b>Cash at the end of the period</b>	<b>2,613,517</b>	<b>2,613,517</b>	<b>2,346,932</b>	<b>2,346,932</b>
<b>Cash at the beginning of the period</b>	<b>5,887,982</b>	<b>2,346,932</b>	<b>2,097,090</b>	<b>3,914,117</b>
<b>Increase/Decrease in Cash</b>	<b>(3,274,465)</b>	<b>266,585</b>	<b>249,843</b>	<b>(1,567,184)</b>

**Tab 19**

**Section B**

**Contribution to the Orderly Development of Health Care**

**A – Managed Care Contracts**



844-655-2111 (TEL:844-655-2111)



(/)

# Patients and Visitors

Saint Thomas Health (/) ▶ Patients and Visitors (/Patients-and-Visitors)  
▶ Insurances Accepted (/Patients-and-Visitors/Insurances-Accepted)

PATIENTS AND VISITORS  
(/PATIENTS-AND-VISITORS)

## Insurances Accepted

	Plan	Saint Thomas Health	Saint Thomas Medical Partners
Bill Pay (/Patients-and-Visitors/Bill-Pay)			
Cost of Care Estimates (/Patients-and-Visitors /Cost-of-Care-Estimates)	<ul style="list-style-type: none"><li>Aetna<ul style="list-style-type: none"><li>Commercial plans only</li></ul></li></ul>		
Directions (/Patients-and-Visitors/Directions)	<ul style="list-style-type: none"><li>Aetna<ul style="list-style-type: none"><li>Aetna Medicare Advantage</li></ul></li></ul>		
Financial Assistance (/Patients-and-Visitors /Financial-Assistance)	<ul style="list-style-type: none"><li>AMERIGROUP Community Care<ul style="list-style-type: none"><li>TennCare</li></ul></li></ul>		



Infection Prevention  
(/Patients-and-Visitors  
/Infection-Prevention)














Insurances Accepted  
(/Patients-and-Visitors  
/Insurances-Accepted)

Nondiscrimination  
Policy (/Patients-and-  
Visitors  
/Nondiscrimination-  
Policy)

Patient PreRegistration  
Forms (/Patients-and-  
Visitors/Patient-  
PreRegistration-Forms)

Patient Notice of  
Privacy Policy  
(/Patients-and-Visitors  
/Patient-Notice-of-  
Privacy-Policy)

Phone Directory  
(/Patients-and-Visitors  
/Phone-Directory)

- AMERIGROUP Community Care   ()  
844-655-2111 (TEL:844-655-2111)  
◦ Medicare Advantage
- Alive Hospice 
- Avalon Hospice 
- Baptist Health Plan (Formerly  
known as Bluegrass Family  
Health)  
◦ Baptist Health Plan is    
accepted by Saint Thomas  
Midtown, West and  
Rutherford only
- BC/BS of TN (BCBST)  
◦ Network P  
◦ Network S  
◦ Network M  
◦ BlueCare (TennCare)    
◦ TennCare Select  
◦ Cover Kids  
◦ D-SNP  
◦ Blue Advantage (Medicare  
Advantage)
- Caris Healthcare (Hospice) 
- CenterCare Managed Care  
Programs  
- CIGNA  
◦ Commercial plans    
◦ CIGNA Connect (Exchange  
Plan)



• CIGNA Local Plus (Narrow Network)  
 Saint Thomas Health  
 ASCENSION

844-655-2111 (TEL:844-655-2111)



(/)

- STH and STMP do not participate in Cigna Local Plus (Narrow Network)

• CIGNA HealthSpring

- Medicare Advantage



• Community Health Plan (fka Americhoice)



• CorVel Corporation (Workers' Compensation)



• Coventry Health Care



• FOCUS Healthcare Management (Workers' Compensation)



• Humana Health Care Plans

- Commercial Plans
- Medicare Advantage
- POS (Narrow Network)



• KY Medicaid

- Standard Medicaid only
- KY Medicaid is accepted by Saint Thomas Midtown, West and Rutherford only.
- *STHe does not participate with KY MCOs, but will work with them for authorization of services*



• Ascension Care Management (ACM), formerly known as Mission Point



- Network M



MultiPlan  
Saint Thomas  
Health



ASCENSION



844-655-2111 (TEL:844-655-2111)



()

(/)

- National Rural Electric Cooperative Association Group



- Nexcaliber (fka Associated Administrators Group, Inc.)



- NovaNet



- OccuComp (Workers' Compensation)



- Odyssey Healthcare (Hospice)



- Oscar
  - Individual/Exchange



- Oscar/Humana - Small Group



- Prime Health
  - Workers' Compensation
  - Commercial Network



- Private Healthcare Systems (PHCS)



- TennCare



- Tennessee Division of Rehabilitation Services



- TriCare for Life



- TRICARE Prime
  - Humana Military



- TRICARE East
  - Humana Military









On Demand (/Saint-Thomas-Health-On-Demand)



Patients & Visitors (/Patients-and-Visitors)

Pay My Bill (/Patients-and-Visitors-Bill-Pay)

844-655-2111 (TEL: 844-655-2111)



()



Physicians (/Resources/Physician-Resources)

Resources (/Resources)

Privacy Policy (/Privacy-Policy)

Site Map (/Sitemap)

Vendors (/Resources/Vendors)

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Saint Thomas Health is a ministry of Ascension..  
(<http://www.ascension.org>)

**Tab 20**

**Section B**

**Contribution to the Orderly Development of Health Care**

**D(1)a - Accreditation**

**American College of Radiology Accreditation Database  
Middle Tennessee Imaging / Premier Radiology**

Modality	Facility Name	Street 1	Street 2	Street 3	City	State	Zip Code	Status	Expiration Date	Modules	Current as of
BUAP	Premier Radiology Brentwood	789 Old Hickory Blvd			Brentwood	TN	37027	Accredited	06/13/2020		03/06/2018
MAP	Premier Radiology Brentwood	789 Old Hickory Blvd			Brentwood	TN	37027	Accredited	02/10/2020		03/06/2018
UAP	Premier Radiology Brentwood	789 Old Hickory Blvd			Brentwood	TN	37027	Accredited		General Gynecological Obstetrical Vascular-Abdominal Vascular- Cerebrovascular Vascular-Deep- Abdominal Vascular-Peripheral	03/06/2018
CTAP	Premier Radiology Brentwood	789 Old Hickory Blvd			Brentwood	TN	37027	Accredited	02/05/2020		03/06/2018
MRAP	Premier Radiology Brentwood	789 Old Hickory Blvd			Brentwood	TN	37027	Accredited	02/13/2020		03/06/2018
MRAP	Premier Radiology Clarksville	980 Professional Park Drive	Suite E		Clarksville	TN	37040	Accredited	03/27/2020	Abdomen Chest Head/Neck Body Cardiac Head MRA MSK Spine	03/06/2018
CTAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited	08/17/2020	Head MSK Spine	03/06/2018
BUAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited	04/01/2020	Abdomen Chest Head/Neck	03/06/2018
MRAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited	08/07/2020		03/06/2018
UAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited	12/27/2018	Body Head MRA MSK Spine	03/06/2018
MAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited		General Gynecological Vascular- Abdominal Vascular-Cerebrovascular Vascular-Deep-Abdominal Vascular- Peripheral	03/06/2018
UAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited	12/27/2020		03/06/2018
MAP	Premier Radiology Cool Springs	3310 Aspen Grove Drive			Franklin	TN	37067	Accredited	04/01/2020		03/06/2018
BUAP	Premier Radiology Hendersonville	262 New Shackle Island Road	Suite 206		Hendersonville	TN	37075	Accredited	12/07/2020		03/06/2018
MAP	Premier Radiology Hendersonville	262 New Shackle Island Road	Suite 206		Hendersonville	TN	37075	Accredited	12/07/2020		03/06/2018
UAP	Premier Radiology Hendersonville	262 New Shackle Island Road	Suite 206		Hendersonville	TN	37075	Accredited	12/06/2019		03/06/2018
CTAP	Premier Radiology Hendersonville	262 New Shackle Island Road	Suite 206		Hendersonville	TN	37075	Accredited		General Gynecological Vascular- Abdominal Vascular-Cerebrovascular Vascular-Deep-Abdominal Vascular- Peripheral	03/06/2018
MAP	Premier Radiology Hendersonville	5045 Old Hickory Blvd Ste 101			Hendersonville	TN	37076	Accredited	11/19/2019		03/06/2018
CTAP	Premier Radiology Hermitage	5045 Old Hickory Boulevard	Suite 100		Hermitage	TN	37076	Accredited	06/19/2020		03/06/2018
MRAP	Premier Radiology Hermitage	5045 Old Hickory Boulevard	Suite 100		Hermitage	TN	37076	Accredited	02/11/2020	Abdomen Chest Head/Neck	03/06/2018
BUAP	Premier Radiology Hermitage	5045 Old Hickory Boulevard	Suite 100		Hermitage	TN	37076	Accredited	11/02/2019	Body Head MSK Spine	03/06/2018
UAP	Premier Radiology Hermitage	5045 Old Hickory Boulevard	Suite 100		Hermitage	TN	37076	Accredited	10/12/2020		03/06/2018
MAP	Premier Radiology Hermitage	5045 Old Hickory Boulevard	Suite 100		Hermitage	TN	37076	Accredited		General Gynecological Obstetrical Vascular-Abdominal Vascular- Cerebrovascular Vascular-Deep- Abdominal Vascular-Peripheral	03/06/2018
BUAP	Premier Radiology Briarville	1210 Briarville Rd.	Building F, Suite 602		Madison	TN	37115	Accredited	12/24/2020		03/06/2018
UAP	Premier Radiology Briarville	1210 Briarville Road	Building F, Suite 602		Madison	TN	37115	Accredited	05/02/2021		03/06/2018
CTAP	Premier Radiology Briarville	1210 Briarville Road	Building F, Suite 602		Madison	TN	37115	Accredited	07/06/2020		03/06/2018
MRAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited		General Gynecological Obstetrical Vascular-Abdominal Vascular- Cerebrovascular Vascular-Deep- Abdominal Vascular-Peripheral	03/06/2018
UAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	04/15/2020		03/06/2018
CTAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	05/25/2021	Abdomen Chest Head/Neck	03/06/2018
MRAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	02/07/2020	Body Head MSK Spine	03/06/2018
UAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	03/08/2021		03/06/2018
CTAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	10/12/2020		03/06/2018
UAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	12/04/2018	Abdomen Chest Head/Neck	03/06/2018
CTAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited		General Gynecological Obstetrical Vascular-Abdominal Vascular- Cerebrovascular Vascular-Deep- Abdominal Vascular-Peripheral	03/06/2018
MRAP	Premier Radiology Mt. Juliet	5002 Crossings Circle	Suite 140		Mount Juliet	TN	37122	Accredited	01/19/2019		03/06/2018
UAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited	03/15/2020	Abdomen Chest Head/Neck	03/06/2018
CTAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited	07/25/2020		03/06/2018
MRAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited	09/11/2019		03/06/2018
UAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited		General Gynecological Obstetrical Vascular-Cerebrovascular Vascular- Peripheral	03/06/2018
CTAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited	08/17/2018		03/06/2018
MRAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited	08/23/2018	Platar SPECT	03/06/2018
UAP	Premier Radiology Murfreesboro	1840 Medical Center Parkway	Suite 101		Murfreesboro	TN	37129	Accredited	08/23/2018	Body Head MSK Spine	03/06/2018

**American College of Radiology Accreditation Database**  
**Middle Tennessee Imaging / Premier Radiology**

Modality	Facility Name	Street 1	Street 2	City	State	Zip Code	Status	Expiration Date	Modules	Current as of
UAP	Premier Radiology	28 White Bridge Road	Suite 111	Nashville	TN	37205	Accredited	07/17/2019	General Gynecological Obstetrical	03/06/2018
MAP	Premier Radiology Belle Meade	28 White Bridge Rd	Suite 111	Nashville	TN	37205	Accredited	02/05/2021	Vascular-Abdominal Vascular-Cerebrovascular Vascular-Peripheral	03/06/2018
NI/MP	Premier Radiology Belle Meade	28 White Bridge Road	Suite 111	Nashville	TN	37205	Accredited	12/17/2018	Planar SPECT	03/06/2018
BUAP	Premier Radiology Belle Meade	28 White Bridge Road	Suite 111	Nashville	TN	37205	Accredited	11/19/2018		03/06/2018
MRAP	Premier Radiology Belle Meade	28 White Bridge Road	Suite 111	Nashville	TN	37205	Accredited	07/31/2018	Body Head MRA MSK Spine	03/06/2018
CTAP	Premier Radiology Belle Meade	28 White Bridge Road	Suite 111	Nashville	TN	37205	Accredited	05/09/2020	Abdomen Cardiac Chest Head/Neck	03/06/2018
MRAP	Premier Radiology Charlotte	1800 Charlotte Avenue		Nashville	TN	37203	Accredited	05/31/2020	Body Head MSK Spine	03/06/2018
BUAP	Premier Radiology Charlotte	1800 Charlotte Avenue		Nashville	TN	37203	Accredited	07/13/2020		03/06/2018
UAP	Premier Radiology Charlotte	1800 Charlotte Avenue		Nashville	TN	37203	Accredited		General Gynecological Obstetrical	
MAP	Premier Radiology Lenox Village	6130 Nolensville Road	Suite 102	Nashville	TN	37211	Accredited	10/07/2019	Vascular-Abdominal Vascular-Cerebrovascular Vascular-Deep-Abdominal Vascular-Peripheral	03/06/2018
UAP	Premier Radiology Nashville	6130 Nolensville Road Suite 102		Nashville	TN	37211	Accredited	11/02/2020		03/06/2018
MAP	Premier Radiology Nashville	1800 Charlotte Ave.		Nashville	TN	37203	Accredited	10/27/2020	General	03/06/2018
UAP	Premier Radiology Saint Thomas West	4230 Harding Road	Suite 220	Nashville	TN	37205	Accredited	06/13/2019	General Gynecological Vascular-Abdominal Vascular-Cerebrovascular Vascular-Deep-Abdominal Vascular-Peripheral	03/06/2018
NI/MP	Premier Radiology Saint Thomas West	4230 Harding Road	Suite 220	Nashville	TN	37205	Accredited	07/30/2020		03/06/2018
C-AP	Premier Radiology Saint Thomas West	4230 Harding Road	Suite 220	Nashville	TN	37205	Accredited	08/14/2020	Planar SPECT	03/06/2018
MRAP	Premier Radiology Saint Thomas West	4230 Harding Road	Suite 220	Nashville	TN	37205	Accredited	09/05/2020	Abdomen Chest Head/Neck	03/06/2018
MAP	Premier Radiology Smyrna	741 President Pl Ste 100		Smyrna	TN	37167	Accredited	12/05/2020	Body Head MRA MSK Spine	03/06/2018
UAP	Premier Radiology St Thomas Outpatient Imaging	741 President Place	Suite 100	Smyrna	TN	37167	Accredited	03/21/2021		03/06/2018
BUAP	Premier Radiology St Thomas Outpatient Imaging	741 President Place	Suite 100	Smyrna	TN	37167	Accredited	04/24/2020	General Gynecological Obstetrical Vascular-Abdominal Vascular-Cerebrovascular Vascular-Deep-Abdominal Vascular-Peripheral	03/06/2018

**Tab 21**

**Section B**

**Contribution to the Orderly Development of Health Care**

**D(1)b - Facility License**

**Not Applicable, New Facility**

**Tab 22**

**Section B**

**Contribution to the Orderly Development of Health Care**

**D(2) – Deficiencies/Inspection Report**

**Not Applicable, New Facility**

**Other Attachments**

**Copy of Published Public Notice  
Letter of Intent**

**Tab 23**  
**Other Attachments**

**Copy of Published Public Notice**



## Great Buys

## Yard Sale

neighborly deals...

## Davidson East

BELLE MEADE Estate Sale  
598 Enclave Ave., 37205, Fri 3/9 &  
Sat 3/10, 9-4:30. For details & pics  
www.bivestatesales.com

MOVING  
SALE

NASHVILLE - March 10th, 11am-2pm  
400 Ortega Rd-Everything Must Go!!

FINDING WORK  
SHOULDN'T BE WORK.

the job  
network

Get started by visiting  
jobs.usatoday.com

## Your Source

## Public Notices

for the latest...

## Public Notices

6002778770

## PUBLIC NOTICE

MEETING OF BOARD OF  
DIRECTORS  
TN HEALTHWORKS

Notice is hereby given that the Board of Directors of TN HealthWorks will meet on Monday, March 12, 2018 at 9:00 a.m. central standard time via telephone conference call for the purpose of considering and transacting all business which may properly come before the Board. Additional information concerning the meeting may be obtained by calling 800-624-9698.

6002777110

L&J Title Service 121 Lemuel  
St. Nashville, TN 37207 Auction

## Davidson Southwest

## BERENICE DENTON ESTATE SALES

Belle Meade Area Sale/Mar. 9, 10, 9-4  
131 Woodmont Blvd. 37205  
Unit #3

Belle Meade Sale/Mar. 9, 10, 9-4  
2314 Woodmont Blvd. 37205

Priest Lake Area Sale/Mar. 9, 10, 9-4  
116 Islandia Dr. 37177

For pics go to [berenicedenton.com](http://berenicedenton.com)  
615-922-5765

## Summer County

## ESTATE SALE

"Wild Country Lake House"  
March 8, 9, 10  
240 Lake House Drive  
Hendersonville, TN 37056  
By: Country Mouse City Mouse

## Williamson County

Brentwood-899 Sentinella Dr. Sat 3/10;  
8:30am-1pm. Downsizing Sale. Furni-  
ture, home decor, crystal, kitchenware  
sports, home decor, crystal, kitchenware

MOVING  
SALE

FRANKLIN - 304 Sterling Lane  
Fri & Sat, March 8 & 9, 8am-4pm  
Le Le & Co.

## MOVING SALE

FRANKLIN, 902 Granville Rd.  
Indoors Sale, Sat 3/10 & Sun 3/11, 10-3p.  
Furniture, Antiques, Collectibles,  
Kitchenware Crafts & More!

Franklin, ESTATE SALE, 200 Creek-  
side Lane, Fri-Sat, 8:30-3p. Dir: Oak-  
wood Estates off Lewisburg Pk. 185  
Corvette, '75 Honda motorcycle, rid-  
ing mower, tools, pool table, dining  
room, bedroom furniture, protect turn-  
ing, kitchenware, collectibles, etc.  
Low prices! Call 615-281-1818  
DOGWOODESTATESALES.COM

## Assorted

## Merch

all kinds of things...

## General Merchandise

## Real Estate

## Rentals

great places to live...

## Duplexes

EAST NASHVILLE LOCKLAND  
SPRINGS-2br, 12x4, apts, w/d hookup,  
new paint & carpet, no pets, \$1200 mo  
+ \$600 sec deat, 615-227-5164

## Apt Furnished

Riverside - Furnished &  
unfurnished, w/ky/mo, 1 bdrms, util,  
Appl. Call 615-733-737 942-7234

## Apt/Unf-Davidson North

1 BR John Aiken, Dennis Specialist  
Call for Details 615-917-5749

## Rooms For Rent

KNIGHTS INN - weekly/monthly rates &  
efficiency - Free local calls, free HBO & Wifi  
\$200 & up. Call 257-9140

OLD HICKORY OR DONELSON - Male  
wanted to share a nice 4 bdrms, fully  
furnished, solar living house at either  
location. Incl cable & W/D, utility incl.  
\$140/wk + deposit 615-202-8871

STADIUM INN Weekly Rates  
\$175 & Up. Also Monthly Rates  
\*615-244-6824 or \*615-244-6833\*

## Real Estate

## Homes

startling fresh...

## Out of State

KY Secluded, beautiful custom brick  
home, incs show, 4 acres & pond, hunt-  
ing avail. 3+ bdrms, 4 ba, 3800 sq. ft., full  
Quartz (bathrooms) work from home or retire  
20 miles west of Paducah, (253)527-6001.

## Cheatham

Jackson-Lots ranging from \$19.00  
Owner Terms; Close to Exit 31 I-24  
615-792-5176 <http://www.dixielandco.com>

## Land-Cheatham

## Public Notices

## Public Notices

0002760835

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, and the Rules of the Health Services and Development Agency, that Middle Tennessee Imaging, LLC (Middle Tennessee Imaging, LLC) is seeking a Certificate of Need for a new ODC, the initiation of MRI and CT services, and the acquisition of a fixed 1.5T MRI unit and a fixed 16-slice CT unit, at a new building under construction at 110 St. Blaise Road, Gallatin, TN 37066 (Summer County). The proposed project will support Middle Tennessee Imaging, LLC's CON-exempt x-ray, mammography and ultrasound services at the Saint Thomas Medical Partners - Gallatin Care Center. As part of the project, 6020 rentable square feet of medical office space will be built out for the ODC. Total project costs are estimated to be \$6,076,275.

The anticipated date of filing the application is March 14, 2018. The contact person for this project is Mark Gaw, Chief Financial Officer, who may be reached at PhyData, LLC, 3024 Business Park Circle, Goodlettsville, TN 37072, 615-239-2039.

Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:  
Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

0002778055

## Notice of Change in TennCare II Demonstration Amendment 34

The Commissioner of the Tennessee Department of Finance and Administration is providing official notification, pursuant to 42 CFR § 447.205 and 59 Fed. Reg. 49249, of intent to file an amendment to the TennCare II Demonstration. The amendment will be filed with the Centers for Medicare and Medicaid Services (CMS), a federal agency located in Baltimore, Maryland, with a Regional Office in Atlanta, Georgia.

The State is required to meet certain advance notice obligations whenever an amendment to the TennCare Demonstration is filed. This demonstration amendment, which will be known as "Amendment 34," is being filed with a proposed effective date of July 1, 2018. The benefits listed in this notice are currently supported with non-recurring funds that have been made available through a hospital assessment fee scheduled to expire on June 30, 2018. Should the fee be renewed, the changes contained in Amendment 34 will not occur.

Amendment 34 will eliminate certain currently covered services and establish benefit limits on others.

**Tab 24**  
**Other Attachments**  
**Letter of Intent**

# Supplemental #1 (Copy)

Middle TN Imaging, LLC  
dba Premier Radiology

CN1803-014

152

March 26, 2018

Hand Delivery

Mark A. Farber, Deputy Director  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application, CN1803-014, Mid-TN Imaging, LLC d/b/a  
Premier Radiology

Establishment of a New ODC and Initiation of MRI and CT Services

Dear Mr. Farber:

Thank you for your letter of March 19, 2018 confirming receipt of our application for a Certificate of Need for the establishment of an Outpatient Diagnostic Center, initiation of MRI services, and acquisition of a fixed MRI unit in leased space in a new building under construction at 110 St. Blaise Road, Gallatin (Sumner County), TN.

As requested, supplemental responses are provided in triplicate by the 4:00 p.m., March 26, 2018 deadline along with a notarized affidavit.

**1. Section A: Executive Summary, A. Overview 1) Description**

Precisely what is being acquired from Dr. Gautsch?

Is Dr. Gautsch selling his MRI unit to the applicant?

TCA Section 68-11-1620 prohibits the transfer of a CON, and neither Dr. Gautsch nor Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute are considered a "health care institution" under TCA Section 68-11-1602. What have Dr. Gautsch and/or Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute agreed to do to terminate their CON rights if this application is approved?

**Response:** The transfer of the CON from Dr. Gautsch to ADI was accomplished via CN1501-002 which was approved by the Agency on March 25, 2015 by a unanimous vote of 9-0-0. Upon approval and implementation of this CON

application (MTI CN1803-014), ADI will surrender CN1501-002. This will result in a "net neutral" impact on the supply of MRI units in Sumner County.

Please provide documentation of any agreements between Dr. Gautsch and/or Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute and the applicant.

**Response:** The original Option Agreement between Dr. Gautsch and ADI is provided at the end of Tab 10 in the original CON application. An additional agreement has been executed describing ADI's surrender of CN1501-002 upon MTI project implementation. A copy of this agreement is provided in **Attachment A**.

Please provide documentation from Dr. Gautsch and/or Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute that their CON(s) for MRI services will be surrendered if the proposed project is approved.

**Response:** An additional agreement has been executed describing ADI's surrender of CN1501-002 upon MTI project implementation. A copy of this agreement is provided in **Attachment A**.

**2. Section A: Executive Summary, B. Rationale for Approval 1) Need**

Please provide a table that breaks down the 3,462 MRI and the 4,784 CT service area procedures by MTI location, the total MRI and CT procedures performed at these MTI locations annually for each of the past three years, and the % of total that the service area procedures represent for each MTI location.

**Response:** The requested information is provided in **Attachment B**. The data shows considerable growth during 2015-2017, especially for the Hendersonville site. There will be no adverse impact to that facility as a result of this project.

Please also provide the mileage and travel time from these MTI locations to the site of the proposed project.

**Response:** The travel distance and travel time between these existing MTI locations and the proposed Gallatin site were obtained via Google Maps with the shortest distance used. Then, the travel times associated with these distances were

taken at two points in time: weekday afternoon and morning rush (8:00 to 9:00) hour.

As illustrated in the table below, 13 of the 14 existing MTI locations now providing imaging services to the proposed MTI Gallatin service area are 30-60 minutes or more away from the proposed MTI Gallatin site. The nearest MTI location to the proposed MTI Gallatin site is MTI Hendersonville. (MTI Hendersonville has limited access to MRI services, only one day per week via an MTI mobile MRI unit.) The opening of a new Saint Thomas Medical Partners Care Center in Hendersonville later this summer will keep this MTI Hendersonville imaging center fully utilized. Thus, the existing MTI Hendersonville imaging center is not an alternative to the proposed MTI Gallatin imaging center, which includes a fixed MRI unit.

**Existing MTI Locations: Travel Distance and Time to Proposed MTI Gallatin**

Name	Street Address	City	Service		Drive	PM	AM
			MRI	CT	Miles	Min.	Rush
Clarksville	980 Professional Park Dr	Clarksville	X		59.5	56	75
Smyrna	741 President Pl	Smyrna	X	X	42.5	43	56
Cool Springs	3310 Aspen Grove Drive	Franklin	X	X	41.7	58	65
Murfreesboro	1840 Medical Ctr Pkwy	Murfreesboro	X	X	41.5	51	52
Brentwood	789 Old Hickory Blvd	Brentwood	X	X	36.6	40	57
Belle Meade	28 White Bridge Rd	Nashville	X	X	29.3	32	46
STH West	4230 Harding Pike	Nashville	X	X	28.6	32	54
STH Midtown	300 20 <sup>th</sup> Ave N	Nashville	X	X	25.8	28	50
Upright MRI	1718 Charlotte Ave	Nashville	X		25.3	27	49
Nashville Char	1800 Charlotte Ave	Nashville	X	X	25.3	27	49
Mt. Juliet	5002 Crossings Circle	Mt. Juliet	X	X	23.4	35	35
Hermitage	5045 Old Hickory Blvd	Hermitage	X	X	23.2	35	41
Briarville	1210 Briarville Rd	Madison		X	17.6	21	40
Hendersonville	262 New Shackle Island Rd	Hendersonville		X	7.7	11	16

Sources: MTI/Premier Radiology website; Google Maps

Please provide a table that breaks down the difference between the number and type of MRI patients of Dr. Gautsch and/or Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute and those projected to be seen by the applicant.

**Response:** The Dr. Gautsch/ADI MRI unit is an extremity-only unit. Due to the surrender agreement of CN1501-002 described above, all of these extremity procedures (275 in 2016) will be transferred to the proposed MTI Gallatin “full-service” MRI unit. In other words, the expanded capabilities of the MTI Gallatin MRI unit will allow for much broader types of MRI imaging studies to be performed. Further, while the Dr. Gautsch/ADI MRI unit is restricted to patients

of the practice, the MTI Gallatin unit will be available to the patient population at-large.

**3. Section A., Project Details, Name of Management/Operating Entity**

The management agreement in Attachment Section A-5 is noted. Please explain how this management agreement is still in effect when it appears that the terms of the agreement allowed for an initial term of one year through March 31, 2012 and renewable for only one additional year. Please clarify.

**Response:** This management agreement has automatically renewed for successive terms and remains in force today. This is consistent with the information provided for the approval of the MTI New Salem imaging center, CN1701-003.

**4. Section A, Project Details, Item 6 A. Legal Interest in the Site**

Please provide documentation that the Sublandlord has control of the site through the master lease with St. Blaise Partners, LP and documentation that St. Blaise Partners, LP owns the site.

**Response:** A "memorandum of lease" documenting that the Sublandlord has control of the site through the master lease with St. Blaise Partners, LP is provided in **Attachment C**. A "special warranty deed" documenting that St. Blaise Partners, LP owns the site is provided in **Attachment D**.

**5. Section A, Project Details, Item 6 B (1) (Plot Plan) and 6 B (3) (Transportation Routes)**

Please provide a copy of the plot plan that includes the size of the site in acres and names of streets, roads or highway that cross or border the site.

**Response:** An enlargement of the plot plan provided in Tab 7 of the original CON application is provided in **Attachment E**. The acreage and street name have been transferred to this plot plan as well.

**6. Section A, Project Details, Item 13 (MRI, PET, Linear Accelerator)**

It is understood that the applicant does not know at this time what that age of the MRI equipment to be purchased is; however, please provide the expected age range of the MRI equipment to be purchased?

**Response:** The following information was provided directly from the seller, GE Healthcare, in response to the Agency's query:

GE Gold Seal MRIs are fully refurbished and have many new and refurbished parts. The magnet itself is going to be original because they haven't changed in 25 years. So, it is not possible to place a single date of manufacture to the unit being sold. Each system will be a little different in that way and there is no way to tell in advance of delivery what the original dates would be. However, each system will come with the version 23.0 software, which has a 2016 release date.

**7. Section B, Need. Item E**

Please provide a chart using 2016 data from the HSDA Medical Equipment Registry identifying the patient destination by facility for MRI procedures performed pertaining to residents of Sumner County. You only need to identify MRI providers with a 5% or greater market share. Place the balance of the MRI procedures in an "Other" row and include a Total line.

**Response:** This data set was obtained via special request to the State of Tennessee, Department of Health, Data Analytic staff. In Sumner County and the bordering counties, including Davidson, only one provider did not submit county-level detail: Tennessee Sports Medicine in Wilson County – a physician owned provider of MRI services.

As indicated in the following summary table:

- No single site captures more than 13% of the total Sumner County resident MRI procedures
- The majority, 57.8%, of Sumner County resident MRI procedures are performed outside of Sumner County (i.e., leave the county)
- Analyzing the "other 5%" providers, Saint Thomas Health/MTI now captures 17.8% of the total Sumner County resident MRI procedures



**MRI Procedures by Provider in 2016, Sumner County Residents**

<b>Provider Name</b>	<b>Procedures</b>	<b>Distribution</b>
Sumner Regional Medical Center	2,176	12.9%
TriStar Hendersonville medical Center	2,009	11.9%
Diagnostic Center at Sumner Station	1,681	10.0%
OP Imaging Ctr at Hendersonville MC	1,249	7.4%
TriStar Skyline Medical Center	1,064	6.3%
Vanderbilt University Medical Center	956	5.7%
All Other (less than 5%)	7,727	45.8%
<b>TOTAL</b>	<b>16,862</b>	<b>100.0%</b>

Source: Medical Equipment Registry data request, TN Department of Health

**8. Section B, Economic Feasibility Item 1 (Project Costs Chart)**

Is the applicant purchasing Dr. Gautsch and/or Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute's MRI equipment, decommissioning it, and purchasing the refurbished 1.5T MRI from GE? If yes, is there documentation of the proposed sale of the MRI equipment between MTI and Dr. Gautsch and/or Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute?

**Response:** Please refer to the responses to Question 1, above. The applicant will purchase the refurbished 1.5T MRI from GE.

Please provide a breakdown of the \$1,665,042 by equipment type.

**Response:** The fixed equipment breakdown is as follows:

**MTI Gallatin Fixed Equipment Cost**

<b>Modality</b>	<b>Cost per Quote</b>
Refurb GE MRI	\$475,000
Dr. Gautsch MRI	500,000
CT	205,000
Mammo	390,442
X-Ray	94,600
	<b>\$1,665,042</b>

Are all the costs associated with the MRI equipment including installation of the equipment as detailed in Item A.3 on page 36 of the application included in the Project Costs Chart? If not, please make the necessary adjustments.

**Response:** Yes, the applicant has verified that all costs have been included in the Project Costs Chart.

**9. Section B, Economic Feasibility Item B**

Please provide a revised letter from Pinnacle Bank identifying the expected interest rate and term of the loan.

**Response:** A revised letter from Pinnacle Bank is provided in **Attachment F**.

**10. Section B, Economic Feasibility Item D (Projected Data Chart)**

Please provide a breakdown of the utilization data by modality.

**Response:** The utilization by modality breakdown is as follows:

MTI Gallatin Projected Procedures		
Modality	Year 1	Year 2
CT	3,384	3,708
MRI	2,821	3,060
Ultrasound	3,770	4,091
X-Ray	5,666	6,148
Mammo	<u>1,667</u>	<u>1,808</u>
	17,308	18,815

Please explain in detail how the management fee was calculated.

**Response:** Per contract, the management fee is based on 2.25% of net technical revenues, i.e., excluding professional fees.

Please provide a Projected Data Chart for the MRI service only.

**Response:** A Projected Data Chart for the MRI service only is provided in **Attachment G**.

**11. Section B, Economic Feasibility Item E**

Please provide MRI gross charge/procedure and CT gross charge/procedure information for other service area providers.

**Response:** The data below indicates that MRI and CT imaging services in hospitals and hospital-based imaging centers have higher average charges than physician-owned and outpatient diagnostic centers generally and at MTI facilities in particular. The Year 1 and Year 2 average gross charges/procedure at MTI Gallatin are \$2,092 for MRI and \$1,053 for CT.

**Average MRI and CT Charge per Procedure  
Sumner County Provider, 2016**

Mode	Type	Provider Name	Charges	Procedures	Charge/ Procedure
MRI	ODC	Mobile MRI-Hendersonville	\$2,159,649	1,045	\$ 2,067
MRI	HODC	Outpatient Imaging Center @ Hendersonville Medical Center	10,465,841	1,711	6,117
MRI	H-Img	Portland Diagnostic Center	2,007,823	336	5,976
MRI	H-Img	Diagnostic Center at Sumner Station	9,165,062	2,029	4,517
MRI	Hosp	Sumner Regional Medical Center	13,754,955	2,846	4,833
MRI	Hosp	TriStar Hendersonville Medical Center	19,602,623	2,908	6,741
MRI	PO	Southern Sports Medicine Inst	489,423	275	1,780
		<b>TOTAL</b>	<b>\$ 57,645,376</b>	<b>11,150</b>	<b>\$ 5,170</b>
CT	H-Img	Diagnostic Center at Sumner Station	\$ 10,750,010	3,075	\$ 3,496
CT	H-Img	Portland Diagnostic Center	20,186,766	3,020	6,684
CT	Hosp	Sumner Regional Medical Center	67,295,004	17,726	3,796
CT	Hosp	TriStar Hendersonville Medical Center	113,139,985	17,267	6,552
CT	PO	Premier Radiology - Hendersonville	3,893,507	4,503	865
CT	PO	Urology Associates, PC	218,936	379	578
		<b>TOTAL</b>	<b>\$215,484,208</b>	<b>45,970</b>	<b>\$ 4,687</b>

Source: Medical Equipment Registry website, TN Department of Health

## **12. Section B, Economic Feasibility Item I.**

Please discuss the alternative of utilizing Premier Radiology's mobile MRI unit to serve this location rather than installing a fixed unit.

**Response:** MTI presented a similar proposal to the Agency in CN1605-016 for the MTI Clarksville site. However, this is not a viable alternative for the MTI Gallatin site.

First, the MTI/Premier Radiology mobile MRI unit is authorized to serve 19 counties. This mobile MRI unit is very highly utilized and lacks any available days to service MTI Gallatin without taking away service at other MTI locations.

Second, MTI imaging centers already provided 3,462 MRI procedures to Sumner County service area residents (nine zip codes) in 2017. MTI Gallatin is projecting to provide 2,821 MRI procedures in Year 1 and 3,060 procedures in Year 2. The Agency's guideline for maximum mobile MRI unit utilization is 3,000 procedures per year (600 per day x 5 days per week). Thus, the MTI Gallatin site is expected to exceed the capacity of a mobile MRI unit utilized five days per week. At this rate, a fixed MRI unit is more practical, desirable and feasible than utilizing a mobile MRI unit.

## **13. Section B, Orderly Development Item F. Outstanding Projects**

Please provide more details of the current progress of CN1707-021. Please also do the same for the following outstanding CONs: CN1701-003, Premier Radiology; CN1706-070, St. Thomas Highlands Hospital; CN1707-022, St. Thomas Surgery Center, New Salem.

**Response:** The individual project responses follow:

- CN1701-003, Premier Radiology - Construction for the MRI & CT rooms is complete. The initial building survey was conducted March 16, 2018. Health and Life Safety surveys are pending.
- CN1706-070, St. Thomas Highlands Hospital - Architectural plans have been reviewed and approved by the State Department of Health. Construction contracts have been bid and work on the project is expected to start on April 23, 2018.
- CN1701-021, St. Thomas Rutherford Hospital - Architectural plans are being reviewed in conjunction with the construction company. Project

remains on time and on budget. Construction is expected to begin October 2018.

- CN1707-022, St. Thomas Surgery Center, New Salem – Final land acquisition was completed March 19, 2018, clearing the way for further development.

#### **14. Section B, Orderly Development Item G. Equipment Registry**

Please provide an update for all equipment reported to the HSDA Equipment Registry regarding submission of 2018 Equipment Registration and utilization reporting for 2017 for all providers affiliated with Middle Tennessee Imaging and St. Thomas Health.

**Response:** The applicant and all facilities under its control and/or management are in compliance with all HSDA Equipment Registry submission and reporting requirements.

MTI and Saint Thomas Health have been working with HSDA's Information and Data Analyst Alecia Craighead to identify and address potential concerns and have reached substantial if not full compliance with all areas in question:

- Saint Thomas Medical Partners (Howell Allen Clinic): The updated medical equipment registration data has been submitted to the HSDA Equipment Registry. 2017 utilization data is in the process of being submitted within the day.
- Saint Thomas DeKalb Hospital and Saint Thomas Stones River Hospital: The updated medical equipment registrations and 2017 utilization data for these hospitals have been submitted to the HSDA Equipment Registry.
- Saint Thomas Highlands Hospital: The updated medical equipment registration and 2017 utilization data have been submitted to the HSDA Equipment Registry.

## **15. Section B, Quality Measures**

**Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:**

(3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:

- (a) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
  - (b) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
  - (c) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
  - (d) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
  - (e) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
  - (f) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve.
1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

**Response:** The applicant has verified and acknowledges that it will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon items (3)(a) through (3)(f) as provided above.

Thank you for the opportunity to provide this supplemental information. Should you have any questions or require additional information, please do not hesitate to contact me.

A notarized affidavit is provided as **Attachment H**.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark Gaw', with a stylized flourish at the end.

Mark Gaw  
Chief Financial Officer

attachments

**Attachment A**



### **CON Surrender Agreement**

**WHEREAS**, Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute is the holder of a Certificate of Need docketed as CN1501-002 for MRI services approved by the Health Services and Development Agency on March 25, 2015; and

**WHEREAS**, Middle Tennessee Imaging, LLC d/b/a Premier Radiology submitted a Certificate of Need application docketed as CN1803-014 for MRI services to the Health Services and Development Agency on March 14, 2018; and

**WHEREAS**, both parties seek to provide quality MRI services in a cost effective manner; and

**WHEREAS**, both parties strongly agree that quality and cost effectiveness are important, both parties support the MRI project proposed by Middle Tennessee Imaging, LLC;

**NOW, THEREFORE**, Advanced Diagnostic Imaging, PC agrees to surrender CN1501-002 upon Health Services and Development Agency approval of CN1803-014 and implementation of CN1803-014 by Middle Tennessee Imaging, LLC.

**IN WITNESS WHEREOF**, Advanced Diagnostic Imaging, PC has executed this Agreement this 26th day of March, 2018.

**Advanced Diagnostic Imaging, PC**

By:

  
Chad Calendine, M.D., CEO

**Attachment B**

**MRI and CT Utilization Analysis - MTI Facilities Serving the MTI Gallatin Proposed Service Area**

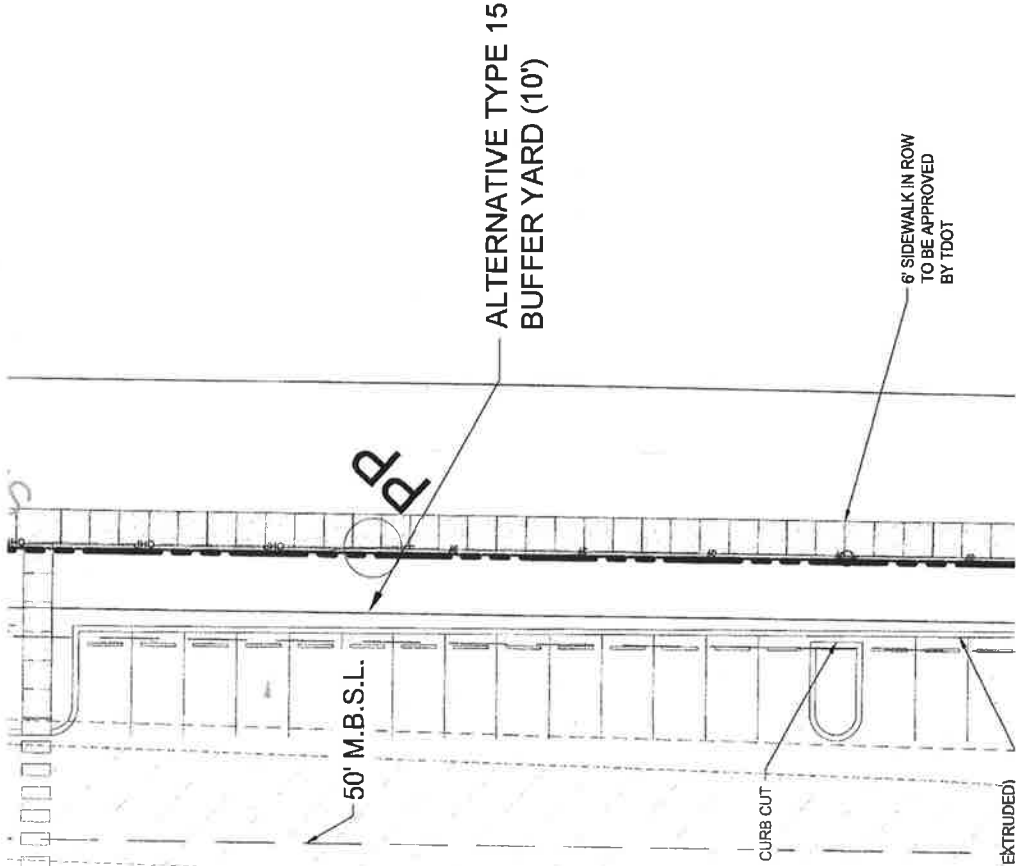
	MRI			MRI			MRI		
	MTI Gallatin Svc Area Zip Proc's		MTI Facility Total Procedures		Svc Area as Pct of Facil Tot Proc		MRI		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
<b>Total</b>	<b>2,352</b>	<b>3,126</b>	<b>3,456</b>	<b>41,866</b>	<b>49,501</b>	<b>54,592</b>	<b>5.6%</b>	<b>6.3%</b>	<b>6.3%</b>
Mobile MRI Medical Services	86	915	1,054	2,540	4,542	5,103	3.4%	20.1%	20.7%
Premier Radiology Baptist	331	328	376	3,726	4,217	4,511	8.9%	7.8%	8.3%
Premier Radiology Belle Meade	428	487	495	5,798	6,926	7,558	7.4%	7.0%	6.5%
Premier Radiology Brentwood	43	59	54	2,796	2,986	3,244	1.5%	2.0%	1.7%
Premier Radiology Briarville				0	0	0			
Premier Radiology Cool Springs	57	42	29	3,768	4,423	4,966	1.5%	0.9%	0.6%
Premier Radiology Hendersonville				0	0	0			
Premier Radiology Hermitage	795	773	837	5,147	5,733	6,664	15.4%	13.5%	12.6%
Premier Radiology Lenox Village				0	0	0			
Premier Radiology Mount Juliet	299	199	219	3,506	3,940	4,206	8.5%	5.1%	5.2%
Premier Radiology Murfreesboro	16	13	10	6,454	7,383	7,927	0.2%	0.2%	0.1%
Premier Radiology Nashville	165	127	225	1,955	2,162	2,777	8.4%	5.9%	8.1%
Premier Radiology Smyrna	11	13	11	3,615	4,326	4,633	0.3%	0.3%	0.2%
Premier Radiology St Thomas West	121	170	146	2,561	2,863	3,003	4.7%	5.9%	4.9%

	CT			CT			CT		
	MTI Gallatin Svc Area Zip Proc's		MTI Facility Total Procedures		Svc Area as Pct of Facil Tot Proc		CT		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
<b>Total</b>	<b>3,338</b>	<b>4,437</b>	<b>4,786</b>	<b>34,309</b>	<b>41,753</b>	<b>48,630</b>	<b>9.7%</b>	<b>10.6%</b>	<b>9.8%</b>
Mobile MRI Medical Services				0	0	0			
Premier Radiology Baptist	299	346	283	4,057	4,514	4,497	7.4%	7.7%	6.3%
Premier Radiology Belle Meade	179	140	154	4,018	4,730	5,130	4.5%	3.0%	3.0%
Premier Radiology Brentwood	8	8	13	1,283	1,678	2,461	0.6%	0.5%	0.5%
Premier Radiology Briarville	246	234	187	1,231	1,424	1,570	20.0%	16.4%	11.9%
Premier Radiology Cool Springs	8	8	8	1,439	2,108	3,150	0.6%	0.4%	0.3%
Premier Radiology Hendersonville	2,015	3,018	3,491	2,805	4,061	5,113	71.8%	74.3%	68.3%
Premier Radiology Hermitage	100	79	52	2,214	2,296	2,480	4.5%	3.4%	2.1%
Premier Radiology Lenox Village				0	0	0			
Premier Radiology Mount Juliet	106	66	89	2,121	2,488	3,061	5.0%	2.7%	2.9%
Premier Radiology Murfreesboro	16	8	13	5,225	6,094	6,914	0.3%	0.1%	0.2%
Premier Radiology Nashville	86	111	127	1,979	2,368	3,293	4.3%	4.7%	3.9%
Premier Radiology Smyrna	3	4	3	1,706	2,172	2,505	0.2%	0.2%	0.1%
Premier Radiology St Thomas West	272	415	366	6,231	7,820	8,456	4.4%	5.3%	4.3%

Source: MTI internal data

**Attachment E**





SITE DATA TABLE:	
OWNER	GREEN AND LITTLE, LP
OWNER'S ADDRESS	1175 NASHVILLE PIKE GALLATIN, TN 37066
DEVELOPER	BROWNING DEVELOPMENT SOLUTIONS
DEVELOPER'S ADDRESS	2601 WESTWOOD DR NASHVILLE, TN 37204
ZONING	MRO (PUD)
TAX MAP & PARCEL #	M:135 P:004.03
SITE ADDRESS	110 ST. BLAISE RD GALLATIN, TN 37066
LANDSCAPE BUFFER	12' ROADWAY/10' FRONT/5' REAR
SETBACK	15' FRONT/SIDE / 20' REAR
FLOOR AREA	35,771 SQ FT
MAX BUILDING HEIGHT	34' 6"
TOP OF SCREEN WALL	40'
PROPOSED LOT SIZE	138,076 SQ FT
FLOOR AREA RATIO	0.259
MAX FAR	0.90
PARKING REQUIREMENTS	
PARKING STALL DIMENSIONS	9' X 18'
DRIVE AISLE DIMENSIONS	24'
PARKING REQUIRED BY CITY OF GALLATIN	1 STALL PER 300 GSF
PARKING REQUIRED BY GREENSBORO VILLAGE PUD	1 STALL PER 200 GSF
PARKING REQUIRED BY TENANT	179 STALLS
PARKING PROVIDED	179 STALLS
ACCESSIBLE SPACES REQUIRED	1 PER 25 TOTAL STALLS
ACCESSIBLE SPACES REQUIRED	6
ACCESSIBLE SPACES PROVIDED	6
LANDSCAPE REQUIREMENTS	
TREE REPLACEMENT REQ'D	1 PER 500 SF

# MEDICAL OFFICE BUILDING

## CONSTRUCTION DOCUMENTS

PREPARED FOR:

BROWNING DEVELOPMENT SOLUTIONS

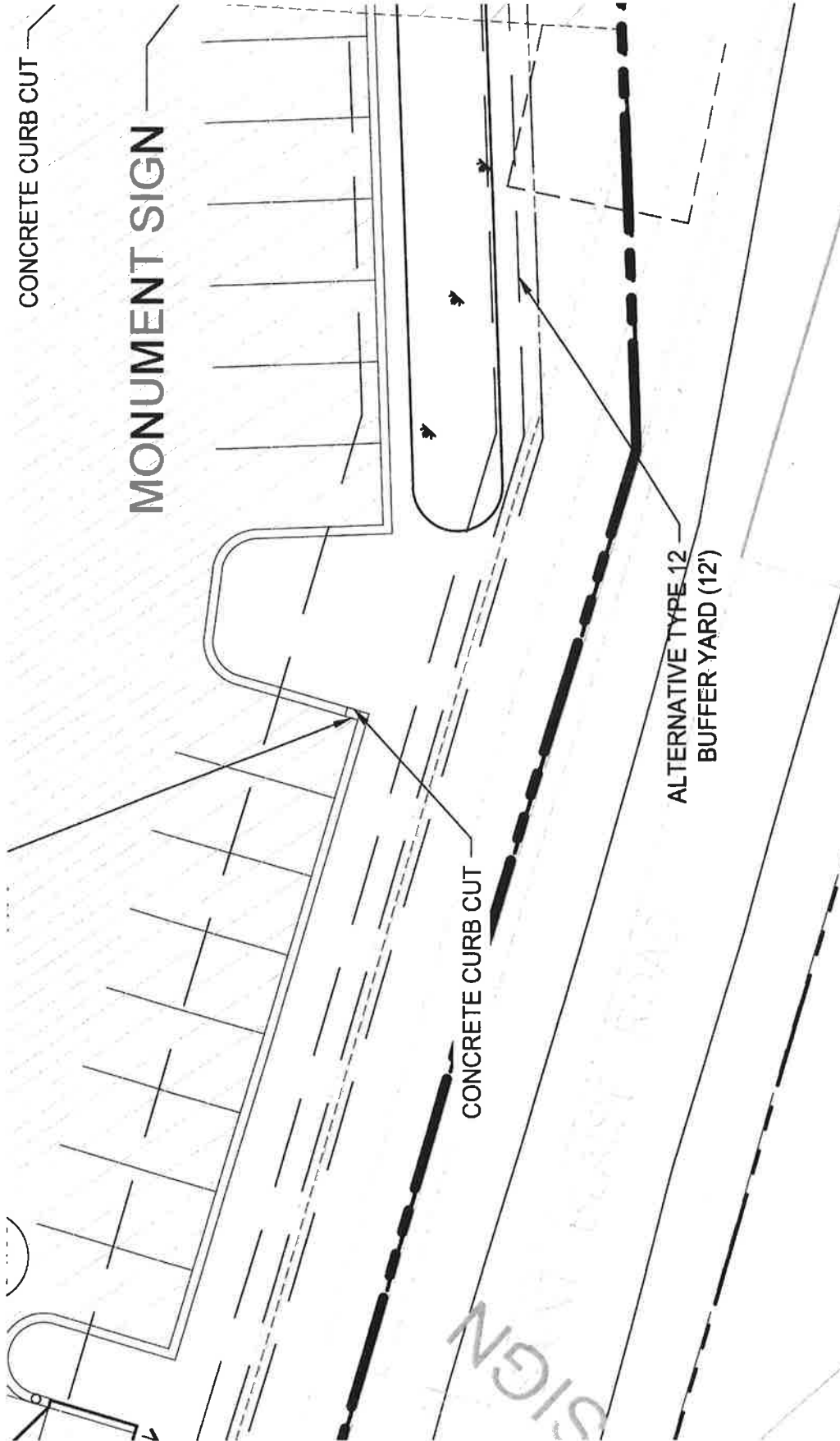
Supplemental #1

March 26, 2018

3:38 P.M.

170

TENNESSEE



**Attachment F**



March 23, 2018

Melanie M. Hill, Executive Director  
Tennessee Health Services and Development Agency  
502 Deaderick Street  
Andrew Jackson Bldg., 9<sup>th</sup> Floor  
Nashville, Tennessee 37243

RE: Middle Tennessee Imaging's CON Licensure Request to establish an Outpatient Diagnostic Center (ODC) in Gallatin

Dear Ms. Hill:

Middle Tennessee Imaging, LLC (d/b/a Premier Radiology) has sufficient available credit to fund all costs required for the development and establishment of the project as set forth in the certificate of need application. The funding needed for Administrative, Architectural, Engineering, Construction, Equipment, and Furniture costs appears to be approximately \$2,809,042 and will be provided by Pinnacle Financial Partners under a line of credit that matures August 30, 2024. The interest rate is LIBOR + 2.75%.

If you need additional information, please feel free to contact me. My number is 615-744-2903.

Sincerely,



Carol Titus  
SVP Pinnacle Bank

150 3<sup>rd</sup> Ave. S.  
Nashville, TN 37201

**Attachment G**

## PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January  
(Month).

	Year 2019	Year 2020
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	2,821 Scans	3,060 Scans
B. Revenue from Services to Patients		
1. Inpatient Services	\$ -	\$ -
2. Outpatient Services	5,902,766	6,402,859
3. Emergency Services	-	-
4. Other Operating Revenue (Specify) <u>N/A.</u>	-	-
<b>Gross Operating Revenue</b>	<b>\$ 5,902,766</b>	<b>\$ 6,402,859</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 4,249,992	\$ 4,610,058
2. Provision for Charity Care	35,417	38,417
3. Provisions for Bad Debt	165,277	179,280
<b>Total Deductions</b>	<b>\$ 4,450,686</b>	<b>\$ 4,827,755</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 1,452,080</b>	<b>\$ 1,575,104</b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	96,000	98,880
b. Non-Patient Care	44,800	46,144
2. Physician's Salaries and Wages	-	-
3. Supplies	83,640	90,726
4. Rent		
a. Paid to Affiliates	50,620	51,256
b. Paid to Non-Affiliates	-	-
5. Management Fees:		
a. Paid to Affiliates	23,524	25,517
b. Paid to Non-Affiliates	-	-
6. Other Operating Expenses	662,333	717,598
<b>Total Operating Expenses</b>	<b>\$ 960,917</b>	<b>\$ 1,030,121</b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b>\$ 491,163</b>	<b>\$ 544,983</b>
F. Non-Operating Expenses		
1. Taxes	\$ 15,000	\$ 16,500
2. Depreciation	723,328	123,328
3. Interest	-	-
4. Other Non-Operating Expenses	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ 738,328</b>	<b>\$ 139,828</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (247,165)</b>	<b>\$ 405,155</b>

Chart Continues Onto Next Page

March 26, 2018

3:38 P.M. 405,155

## NET INCOME (LOSS)

\$ (247,165)

## G. Other Deductions

1. Estimated Annual Principal Debt Repayment
2. Annual Capital Expenditure

\$ 306,133

\$ 306,133

\$ -

\$ -

Total Other Deductions \$ 306,133

\$ 306,133

NET BALANCE \$ (553,298)

\$ 99,022

DEPRECIATION \$ 723,328

\$ 123,328

FREE CASH FLOW (Net Balance + Depreciation) \$ 170,030

\$ 222,350

☐ Total Facility☒ Project Only

## PROJECTED DATA CHART-OTHER EXPENSES

## OTHER EXPENSES CATEGORIES

	Year 2019	Year 2020
1. Professional Services Contract	\$ 20,910	\$ 22,681
2. Contract Labor	-	-
3. Imaging Interpretation Fees	406,583	441,029
4. Billing & Collection Fees	65,344	70,880
5. Repairs & Maintenance	73,185	79,385
6. Transportation/Meals & Entertainment	5,227	5,670
7. IT, Ins., Mkt, TeleCom & Other Expenses (i.e. Utilities)	91,084	97,953
<b>Total Other Expenses</b>	<b>\$ 662,333</b>	<b>\$ 717,598</b>

**Attachment H**

178

**March 26, 2018**

**3:38 P.M.**

**AFFIDAVIT**

STATE OF Tennessee

COUNTY OF Davidson

MARK GAW, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Mark Gaw / CFO  
SIGNATURE/TITLE

Sworn to and subscribed before me this 12<sup>th</sup> day of March, 2018 a Notary  
(Month) (Year)

Public in and for the County/State of Davidson, TN

ELLA HAZARD  
NOTARY PUBLIC

My commission expires 05/05, 2020  
(Month/Day) (Year)



# **SUPPLEMENTAL #2 (COPY)**

**Middle TN Imaging, LLC  
dba Premier Radiology**

**CN1803-014**

MAR 27 10 43 37  
March 27, 2018

Hand Delivery

Mark A. Farber, Deputy Director  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application, CN1803-014, Mid-TN Imaging, LLC d/b/a  
Premier Radiology

Establishment of a New ODC and Initiation of MRI and CT Services

Dear Mr. Farber:

We appreciate your responsiveness to our first set of supplemental responses. According to your letter of March 27, 2018, we are providing the second set of supplemental responses in triplicate and in advance of the 12:00 p.m., March 29, 2018 deadline along with a notarized affidavit.

**1. Section A: Executive Summary, A. Overview 1) Description**

Your response to this item is noted.

Will ADI be compensated for the surrender of CN1501-002? If yes, how will that take place?

Will ADI also be surrendering the original CON, CN0110-088A? If yes, this should also be included in the agreement.

**RESPONSE:** With regard to the first question, ADI will not be compensated for surrendering CN1501-002.

Regarding the second question, a revised, signed CON Surrender Agreement is provided in **Attachment A** which indicates the surrender of both Certificates of Need (CN1501-002 & CN0110-88A).

**2. Section A: Executive Summary, B. Rationale for Approval 1) Need**

Does the MTI's mobile MRI service currently serve the Briarville and Hendersonville locations?

Why is there no utilization reported for Lenox Village?

**RESPONSE:** Yes, Mobile MRI Medical Services, MTI's mobile MRI service, currently serves three locations: Clarksville (4 days per week), Briarville (1 day per week) and Hendersonville (1 day per week).



The Hendersonville site is noted on page 27 of our CON application listing the existing MRI Providers in Sumner County. The 2016 Capacity is noted at 174%. Additionally, it is included within the chart on our first set of supplemental responses page 8 - Question #11.

Attachment B of our initial set of supplemental responses includes the Mobile MRI Medical Services entity as well. For further clarity and transparency, the 2017 Equipment Utilization Reported by Site for Mobile MRI Medical Services is as follows: - Clarksville - 2,916, Briarville - 881, & Hendersonville - 1,360).

With regard to the Lenox Village location, MTI only provides ultrasound, mammography, and X-ray services at this location. Thus, it is our understanding it would not be included with CT and MRI utilization data.

**3. Section B, Economic Feasibility Item D (Projected Data Chart)**

Using data from the Projected Data Chart (MRI Service Only), please provide the average gross charge, average deductions from revenue and average net charge for Years 2019 and 2020.

**RESPONSE:** Please see the following chart which has been constructed from the Projected Data Chart (MRI Service Only) that was submitted in the first set of supplemental responses.

**Projected Financial Statistics per MRI Procedure**

<b>Statistic</b>	<b>2019</b>	<b>2020</b>
Gross Charge	\$2,092	\$2,092
Deductions	\$1,577	\$1,577
Net Charge	\$515	\$515

Thank you for the opportunity to provide this supplemental information. Should you have any questions or require additional information, please do not hesitate to contact me.

A notarized affidavit is provided as **Attachment B**.

Sincerely,



Mark Gaw  
Chief Financial Officer

attachments

**Attachment A**

### **CON Surrender Agreement**

**WHEREAS**, Advanced Diagnostic Imaging, PC d/b/a Southern Sports Medicine Institute is the holder of a Certificate of Need docketed as CN1501-002 for MRI services approved by the Health Services and Development Agency on March 25, 2015; and

**WHEREAS**, Middle Tennessee Imaging, LLC d/b/a Premier Radiology submitted a Certificate of Need application docketed as CN1803-014 for MRI services to the Health Services and Development Agency on March 14, 2018; and

**WHEREAS**, both parties seek to provide quality MRI services in a cost effective manner; and

**WHEREAS**, both parties strongly agree that quality and cost effectiveness are important, both parties support the MRI project proposed by Middle Tennessee Imaging, LLC;

**NOW, THEREFORE**, Advanced Diagnostic Imaging, PC agrees to surrender CN1501-002 and CN0110-088A upon Health Services and Development Agency approval of CN1803-014 and implementation of CN1803-014 by Middle Tennessee Imaging, LLC.

**IN WITNESS WHEREOF**, Advanced Diagnostic Imaging, PC has executed this Agreement this 27th day of March, 2018.

**Advanced Diagnostic Imaging, PC**

By:

  
Chad Calendine, M.D., CEO

**Attachment B**

**AFFIDAVIT**STATE OF TennesseeCOUNTY OF Davidson

MARK GAW, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Wm R / CFO

SIGNATURE/TITLE

Sworn to and subscribed before me this 12<sup>th</sup> day of March, 2018 a Notary  
(Month) (Year)

Public in and for the County/State of Davidson / TN

ELLA HAZARD  
 NOTARY PUBLIC

My commission expires 05/05, 2020  
(Month/Day) (Year)



# Supplemental #3 (Copy)

Middle TN Imaging, LLC  
dba Premier Radiology

CN1803-014

**March 28, 2018****3:10 P.M.**

March 28, 2018

Hand Delivery

Mark A. Farber, Deputy Director  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application, CN1803-014, Mid-TN Imaging, LLC d/b/a  
Premier Radiology

Establishment of a New ODC and Initiation of MRI and CT Services

Dear Mr. Farber:

We appreciate your responsiveness to our first and second set of supplemental responses. According to your question on March 28, 2018, we are providing the third set of supplemental responses in triplicate and in advance of the 12:00 p.m., March 29, 2018 deadline along with a notarized affidavit.

**1. Section A: Executive Summary, A. Overview 1) Description; Second Supplemental Response 1):**

Based on your last supplemental response, why is ADI willing to surrender their CONs for MRI services so that the applicant can initiate MRI services without increasing MRI service area inventory and not expect some compensation for this action? What is ADI's incentive for doing this?

If you could shed some light on this situation, it would be appreciated.

**RESPONSE:**

We are happy to provide additional details on the relationship between ADI and MTI.

Middle Tennessee Imaging, LLC (MTI), as you know, is a joint venture between Saint Thomas Health - 53.86%, NOL, LLC - 42.15%, and Murfreesboro Imaging Partners - 3.99%. NOL, LLC is owned by a group of 29 radiologists. These same radiologists are shareholders of Advanced Diagnostic Imaging, P.C. (ADI), a physician group practice. Additionally, ADI has a Professional Services Agreement (PSA) with MTI to perform the radiology reads at a majority of the imaging centers owned and operated by MTI (including Gallatin, if approved).

The MTI joint venture model has resulted in an enhancement of imaging services in Middle Tennessee by increasing the number of access points and in many cases resulting in lower costs for both patients and third-party payors. MTI has experienced tremendous growth by not only providing good value (i.e. price), but also by providing high quality reads and quick turnaround times for referring providers.

Although ADI will not be paid directly for the surrender of the CONs (which only allow for limited imaging services), its radiologists will benefit through their ownership interest in a new full service ODC in Gallatin and for the provision of professional services at the facility. This is the reason ADI is willing to surrender the existing CONs.

I hope this is helpful in clarifying ADI's strong support for this project.

Thank you for the opportunity to provide this supplemental information. Should you have any questions or require additional information, please do not hesitate to contact me.

A notarized affidavit is provided as **Attachment A**.

Sincerely,



Mark Gaw  
Chief Financial Officer

attachment



March 28, 2018

3:10 P.m.

**Attachment A**

AFFIDAVITSTATE OF TennesseeCOUNTY OF Davidson

MARK GAW, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

[Signature] / CFO  
SIGNATURE/TITLE

Sworn to and subscribed before me this 28<sup>th</sup> day of March, 2018 a Notary  
(Month) (Year)

Public in and for the County/State of Tennessee

[Signature]  
NOTARY PUBLIC

My commission expires November 05, 2019  
(Month/Day) (Year)





**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the The Tennessean which is a newspaper  
(Name of Newspaper)  
of general circulation in Sumner, Tennessee, on or before 03/09, 2018  
for one day. (County) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, an existing outpatient diagnostic center (ODC) provider,  
(Name of Applicant) (Facility Type-Existing)

owned by: Middle Tennessee Imaging, LLC with an ownership type of limited liability company  
and to be managed by: PhyData, LLC intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a new ODC, the initiation of MRI and CT services, and the acquisition of a fixed 1.5T MRI unit and a fixed 16-slice CT unit, at a new building under construction at 110 St. Blaise Road, Gallatin, TN, 37066 (Sumner County). The proposed project will support Middle Tennessee Imaging, LLC's CON-exempt x-ray, mammography and ultrasound services at the Saint Thomas Medical Partners – Gallatin Care Center. As part of the project, 6,020 rentable square feet of medical office space will be built out for the ODC. Total project costs are estimated to be \$6,078,275.

The anticipated date of filing the application is: March 14, 2018

The contact person for this project is

who may be reached at: Mark Gaw Chief Financial Officer  
PhyData, LLC 3024 Business Park Circle  
(Company Name) (Address)  
Goodlettsville TN 37072 615 / 239-2039  
(City) (State) (Zip Code) (Area Code / Phone Number)  
[Signature] 3-8-18 mark.gaw@phydata.com  
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES  
OF  
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11  
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

**TABLE OF CONTENTS**

0720-11-.01 General Criteria for Certificate of Need

**0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED.** The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
  - (a) The relationship of the proposal to any existing applicable plans;
  - (b) The population served by the proposal;
  - (c) The existing or certified services or institutions in the area;
  - (d) The reasonableness of the service area;
  - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
  - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
  - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
  - (a) Whether adequate funds are available to the applicant to complete the project;
  - (b) The reasonableness of the proposed project costs;
  - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
  - (d) Participation in state/federal revenue programs;
  - (e) Alternatives considered; and
  - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
  - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
  - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
  - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
  - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
  - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
  - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
  - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
    1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
      - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
      - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
      - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
      - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
      - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;



(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
  - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
  - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
  - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
  - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
  - (xi) Participation in the National Burn Repository, for Burn Unit projects;
  - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
  - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
  - 1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
  - 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
  - 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
  2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
  3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
  - (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
  - (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
  - (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
  - (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
  - (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
  - (q) For Inpatient Psychiatric projects:
    1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
  2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
  3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
  - (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
  - (t) For Relocation and/or Replacement of Health Care Institution projects:
    1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
    2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
  - (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
  - (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
  - (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
    - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
    - (b) The positive or negative effects attributed to duplication or competition; and



(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
  - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
  - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
  - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
  - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

**Authority:** T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

**Administrative History:** Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** April 30, 2018

**APPLICANT:** Middle Tennessee Imaging, LLC d/b/a Premier Radiology  
110 St. Blaise Road  
Gallatin, TN 37066

**CON#** CN1803-014

**CONTACT PERSON:** Mark Gaw  
PhyData, LLC  
3024 Business Park Circle  
Gallatin, TN 37072

**COST:** \$6,078,275

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In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, Middle Tennessee Imaging, LLC (MTI) d/b/a Premier Radiology, an existing Outpatient Diagnostic Center (ODC) provider, seeks Certificate of Need (CON) approval for the establishment of a new ODC, the initiation of magnetic resonance imaging (MRI), and the acquisition of a fixed 1.5T MRI unit at a new building under construction located at 110 St. Blaise Road, Gallatin, TN 37066 (Sumner County).

Middle Tennessee Imaging, LLC d/b/a Premier Radiology is a joint venture between Saint Thomas Health (53.86%), NOL, LLC (42.15%), and Murfreesboro Imaging Partners (3.99) and was created to own and operate outpatient diagnostic centers. MTI is managed by Phydata, LLC.

The project will be funded by a loan from Pinnacle Bank in Nashville, TN.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**NEED:**

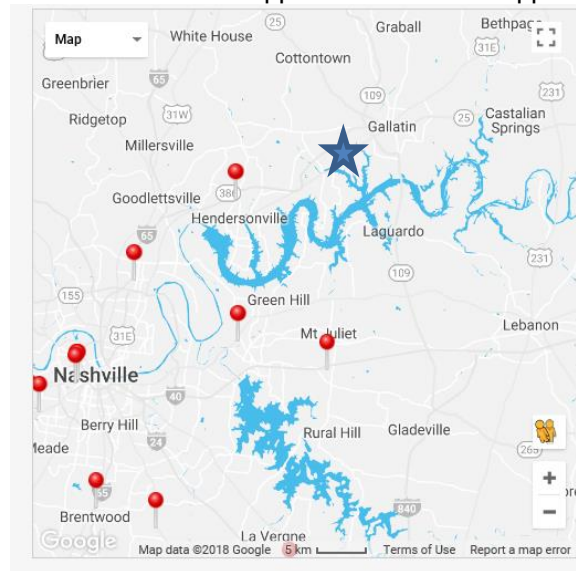
The applicant declares the service area to be nine zip codes, 37022, 37031, 37048, 37066, 37075, 37077, 37119, 37148, 37186, located in Sumner County, TN.

**2018-2022 Total Population Projections**

County	2018	2022	% Increase or Decrease
Sumner	184,532	195,970	6.2%

*Tennessee Population Projections 2017 Revised UTCBER, Tennessee Department of Health*

The map below shows the current MTI locations and the proposed location for the new ODC. The applicant provides a travel distance chart in Supplemental 1 of the application.



The applicant proposes to establish a new ODC in Sumner County, TN in support of the Saint Thomas Medical Partners-Gallatin Care Center. The project will offer MRI, CAT scan, x-ray, mammography, and ultrasound services. Saint Thomas Health plans to open a new primary care center in a newly constructed medical office building, which will also house MTI Gallatin. MTI Gallatin will occupy 6,020 SF of rentable space.

The applicant operates 15 diagnostic imaging centers in the middle Tennessee area. The Gallatin site was selected to deliver patient care closer to where patients live and in a fast growing area. The natural barrier of Old Hickory Lake requires some residents to travel an excessively long distance to access imaging services.

The applicant states that in 2017, MTI imaging centers performed 3,462 procedures for patients residing in the service area. MTI plans to redirect these patients to the new Gallatin site, providing them convenient and timely access to imaging services.

#### Residents of Sumner County MRI Destination

Sumner County Residents	To providers within Sumner County	To providers outside Sumner County	Total procedures	% provided within Sumner County
	8326	8536	16862	49.4%

#### 2014-2016 MRI procedure volumes

MRI Facility	2014	2015	2016	% change
Diag. Center at Sumner Station	2106	2254	2029	(3.7)%
Outpatient Imaging Ctr. at Hendersonville Med Ctr.	1669	1698	1711	2.5%
Southern Sports Med. Inst.	638	332	275	(56.9)%
Sumner Reg. Med. Ctr.	3046	2795	2846	(6.6)%
TriStar Hendersonville Med. Ctr.	2741	2939	2908	6.1%
Mobile MRI Services-Hendersonville	n/a	n/a	1045	n/a
Portland Diagnostic Center	312	326	336	7.7%

Source: HSDA MRI Equipment Registry 7-17-2017

### 2016 MRI Volumes

MRI Facility	Type	Fixed Units	Exams	Mobile Units	Exams
Diag. Center at Sumner Station	H-Imaging	1	2029		
Outpatient Imaging Ctr. at Hendersonville Med Ctr.	HODC	1	1711		
Southern Sports Med. Inst.	Phy Office	1	275		
Sumner Reg. Med. Ctr.	Hospital	1	2864		
TriStar Hendersonville Med. Ctr.	Hospital	1	2908		
Mobile MRI Services-Hendersonville	Mobile			(1)1 day/week	1045
Portland Diagnostic Center	Mobile			(1)1 day/week	336
<b>Totals</b>		<b>5</b>	<b>9787</b>	<b>2</b>	<b>1381</b>

Source: HSDA MRI Equipment Registry 7-17-2017

There are five fixed MRI units in the service area which averaged **1,957** exams/unit in 2016. These five units operated a 53% of the total capacity of 3600 annual procedures.

It should be noted that the MRI at Southern Sports Medicine Institute operated at only 7.6% of the 3600 total capacity, well below most MRI provider volumes in 2016. Mobile units were not included in the above calculation.

#### TENNCARE/MEDICARE ACCESS:

The applicant contracts with four TennCare MCOs and participates in the Medicaid program. Medicare provider number 10G706948, Medicaid provider number 3790913.

A Projected Payor Mix chart is located on page 46 of the application. For year one of the project, Gross Operating Revenues from Medicare are estimated at \$2,589,809 or 19% of Total Revenues, and \$612,013 Gross Operating Revenue and 4.5%% of Total Revenue from TennCare/Medicaid.

#### Project Payor Mix Year One

Payor Source	Projected Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$2,589,809	19%
TennCare/Medicaid	\$612,013	4.5%
Commercial/Other Managed Care	\$9,681,797	71%
Self-Pay	\$267,160	2%
Charity Care	\$81,783	.6%
Other	\$398,013	2.9%
Total	\$13,630,575	100%

#### ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located on page 37 of the application outlining a total projected project cost of \$6,078,275. The project includes equipment costs of \$1,785,042 and leased facility costs of \$2,563,248 for 6,020SF of rentable space over a ten year term.

**Historical Data Chart:** As a new project, there is no historical data.

**Projected Data Chart:** The Projected Data Chart is located in Supplemental 1 of the application detailing 2,821 MRI scans in year one, and 3,060 scans in year two, with net incomes of \$(247,165) and \$405,155 respectively. The project is expected to realize a profit in its second year of operation.

The Average Gross Charges per MRI exam for years one and two are \$2,092 per exam, Deductions are \$1,577, and an Average Net Operating charge of \$515. This is comparable to other providers in the service area.

ODCs are not reimbursed at the higher hospital outpatient department (HOPD) rates, resulting in lower patient deductibles and copays in the ODC setting.

**CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

The applicant intends to purchase and decommission the MRI unit located at Southern Sports Medical Institute (SSMI), and replace this older unit with a newer unit equipped with advanced technology. The SSMI unit is an extremity only unit, whereas the proposed MTI Gallatin MRI unit will be capable to perform most MRI exams. As a result, there will be no added MRI units to the service area and there should be no adverse effect to existing providers of MRI services in the service area. The transfer of the Certificate of Need (CON) from Dr. Gautsch, Southern Sports Medicine Institute owner, to MTI was accomplished by the approval of CN1501-002, March 25, 2015. If this project, CN1803-014, is approved, MTI will surrender CN1501-002. An executed agreement between the applicant and Dr. Gautsch to surrender CN1501-002 upon the implementation of this project is included in Attachment A of the application.

The applicant provides a Project Completion Chart on page 55 of the application with a project Final Project Report Form submitted in March 2019.

**QUALITY STANDARDS:**

The MTI ODC will be licensed by the Tennessee Department of Health. The CT and MRI units will be accredited by the American College of Radiology. As an existing ACR accredited provider, MTI is aware of the procedures to obtain licensing and ACR accreditation

**SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**OUTPATIENT DIAGNOSTIC CENTERS**

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

**2018-2022 Total Population Projections**

<b>County</b>	<b>2018</b>	<b>2022</b>	<b>% Increase or Decrease</b>
<i>Sumner</i>	<i>184,532</i>	<i>195,970</i>	<i>6.2%</i>

*Tennessee Population Projections 2017 Revised UTCBER, Tennessee Department of Health*

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

**2016 MRI Utilization for Sumner County, TN**

<b>MRI Facility</b>	<b>Type</b>	<b>Fixed Units</b>	<b>Exams</b>	<b>Mobile Units</b>	<b>Exams</b>
<i>Diag. Center at Sumner Station</i>	<i>H-Imaging</i>	<i>1</i>	<i>2029</i>		
<i>Outpatient Imaging Ctr. at Hendersonville Med Ctr.</i>	<i>HODC</i>	<i>1</i>	<i>1711</i>		
<i>Southern Sports Med. Inst.</i>	<i>Phy Office</i>	<i>1</i>	<i>275</i>		
<i>Sumner Reg. Med. Ctr.</i>	<i>Hospital</i>	<i>1</i>	<i>2864</i>		
<i>TriStar Hendersonville Med. Ctr.</i>	<i>Hospital</i>	<i>1</i>	<i>2908</i>		
<i>Mobile MRI Services-Hendersonville</i>	<i>Mobile</i>			<i>(1)1 day/week</i>	<i>1045</i>
<i>Portland Diagnostic Center</i>	<i>Mobile</i>			<i>(1)1 day/week</i>	<i>336</i>
<b>Totals</b>		<b>5</b>	<b>9787</b>	<b>2</b>	<b>1381</b>

Source: HSDA MRI Equipment Registry 7-17-2017

*There are five fixed MRI units in the service area which averaged **1,957** exams/unit in 2016. These five units operated a 53% of the total capacity of 3600 annual procedures.*

*It should be noted that the MRI at Southern Sports Medicine Institute operated at only 7.6% of the 3600 total capacity, well below most MRI provider volumes in 2016. Mobile units were not included in the above calculation.*

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

*There are 2 MRI units operating one day per week each. The applicant states there are four fixed MRI units in the service area, all of which are hospital related.*

*State reviewing staff noted five MRI units in the service area according to the HSDA Equipment Registry.*

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

*The applicant contends that the service area is in need of an ODC due to rapid population growth and increased traffic levels that are compounded by the natural geographic barriers created by Old Hickory Lake and the Cumberland River.*

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

*Applicant states a physician will be present whenever patients are receiving diagnostic services. Technologists will be trained to handle emergency situations. A crash cart with appropriate medication will be on site. A hospital transfer agreement with Saint Thomas Health located in Attachments, Tab 11 in the application.*

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate.

*The applicant states that as an existing ODC provider, existing policies regarding medical necessity and medical appropriateness will be maintained.*

## **STATE HEALTH PLAN**

### **CERTIFICATE OF NEED STANDARDS AND CRITERIA**

#### ***FOR***

### **MAGNETIC RESONANCE IMAGING SERVICES**

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide Magnetic Resonance Imaging (MRI) services. Existing providers of MRI services are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for MRI services.

These standards and criteria are effective immediately as of December 21, 2011, the date of approval and adoption by the Governor of the State Health Plan changes for 2011. Applications to provide MRI services that were deemed complete by HSDA prior to this date shall be considered under the Guidelines for Growth, 2000 Edition.

#### **Standards and Criteria**

1. Utilization Standards for non-Specialty MRI Units.
  - a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

*The applicant projects to perform 2,821 MRI scans in year one, and 3,060 scans in year two.*

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

*Not applicable*

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

*Not applicable*

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

*Not applicable*

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

*Not applicable*

- 2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

*No non-Tennessee counties are included in the service area.*

- 3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

*MTI-Gallatin will purchase a refurbished MRI unit equipped with up to date imaging technologies. At a cost of \$475,000, this option is less than half the cost of most new units.*

- 4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:



Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

**2016 MRI Utilization for Sumner County, TN**

<b>MRI Facility</b>	<b>Type</b>	<b>Fixed Units</b>	<b>Exams</b>	<b>Mobile Units</b>	<b>Exams</b>
<i>Diag. Center at Sumner Station</i>	<i>H-Imaging</i>	<i>1</i>	<i>2029</i>		
<i>Outpatient Imaging Ctr. at Hendersonville Med Ctr.</i>	<i>HODC</i>	<i>1</i>	<i>1711</i>		
<i>Southern Sports Med. Inst.</i>	<i>Phy Office</i>	<i>1</i>	<i>275</i>		
<i>Sumner Reg. Med. Ctr.</i>	<i>Hospital</i>	<i>1</i>	<i>2864</i>		
<i>TriStar Hendersonville Med. Ctr.</i>	<i>Hospital</i>	<i>1</i>	<i>2908</i>		
<i>Mobile MRI Services-Hendersonville</i>	<i>Mobile</i>			<i>(1)1 day/week</i>	<i>1045</i>
<i>Portland Diagnostic Center</i>	<i>Mobile</i>			<i>(1)1 day/week</i>	<i>336</i>
<b>Totals</b>		<b>5</b>	<b>9787</b>	<b>2</b>	<b>1381</b>

Source: HSDA MRI Equipment Registry 7-17-2017

*There are five fixed MRI units in the service area which averaged **1,957** exams/unit in 2016. These five units operated a 53% of total capacity of 3600 annual procedures.*

*It should be noted that the MRI at Southern Sports Medicine Institute operated at only 7.6% of the 3600 total capacity, well below most MRI provider volumes in 2016. Mobile units were not included in the above calculation.*

*The applicant contends that the proposed MRI at MTI-Gallatin will not add another MRI unit to the service area since the applicant will be purchasing and decommissioning the MRI unit at Southern Sports Medicine Institute.*

5. Need Standards for Specialty MRI Units.

*Question 5 in its entirety is not applicable.*

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;
  3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.
  4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- 
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.
  - c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.
- 
6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on

its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

*Not applicable. No specialty or mobile units are included in the applicant's proposal.*

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

*FDA approval letter for the proposed MRI unit is included in Attachment Tab 10 of the application.*

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

*A letter from the project architect is provided in Attachments, Tab 16 of the application.*

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

*Applicant states a physician will be present whenever patients are receiving diagnostic services. Technologists will be trained to handle emergency situations. A crash cart with appropriate medication will be on site. A hospital transfer agreement with Saint Thomas Health is included in Attachments, Tab 11 of the application.*

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

*The applicant states that as an existing ODC provider, existing policies regarding medical necessity and medical appropriateness will be maintained.*

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

*The applicant will seek American College of Radiology accreditation and maintain those standards of staffing, as well as staff training and education.*

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

*The applicant will seek American College of Radiology accreditation within two years and maintain those standards of staffing, as well as staff training and education. As*

*an existing ACR accredited provider, MTI is aware of the procedures to obtain licensing and ACR accreditation.*

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

*Applicant states a physician will be present whenever patients are receiving diagnostic services. Technologists will be trained to handle emergency situations. A crash cart with appropriate medication will be on site. A hospital transfer agreement with Saint Thomas Hospital Rutherford is included in the application.*

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

*The applicant commits to supplying the required HSDA documentation in a timely fashion.*

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

*The service area is not deemed medically underserved.*

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

*Not applicable.*

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*The applicant contracts with four TennCare MCOs and participates in the Medicaid program.*

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

*Not applicable.*

## **Standards and Criteria Regarding Certificate of Need Applications for Magnetic Resonance Imaging Services**

1. **Exceptions to Utilization Standards:** Exceptions to the standard number of procedures has been retained for new or improved technology and diagnostic applications, and for mobile MRI Units in operation fewer than 150 days of service per year. Applications for hybrid MRI Units (e.g., MRI Units combined with PET Units or MRT Units) may be assessed under the primary use of the hybrid unit.
2. **Other Access Issues:** The provision of health care doesn't recognize state boundaries. Accordingly, applicants may include non-Tennessee counties in proposed service areas if that data are available.
3. **Economic Efficiencies:** To support the goal of reducing health care costs, applicants should document that other options have been investigated and found less advantageous.
4. **Specialty MRI Units Standards:** Dedicated Breast MRI Units have a proposed total capacity estimate of 2,000 procedures per year. Dedicated Extremity and Dedicated Multi-position MRI Units do not have a defined estimate; an applicant must demonstrate total capacity as well as its estimated annual utilization that, by the third year, will be at least 80% of total capacity.
5. **Inventories:** Given that there are proposed different standards for Specialty and non-Specialty MRI Units, separate inventories should be maintained. Additionally, a CON granted for the institution of a Specialty MRI Unit should not be permitted to be used for non-Specialty MRI purposes; it is recommended that any CON granted for Specialty MRI purposes so state on its face.
6. **Quality of Care:** Specific staffing, training, and education standards are included to help ensure patient safety and quality of care provided.